DOCUMENT RESUME

ED 431 878 CE 078 813

AUTHOR	Robinson, Chris, Ed.; Arthy, Kareena, Ed.
TITLE	Lifelong Learning: Developing a Training Culture. Papers Presented at the Concurrent Sessions on Research into a Training Culture at the Conference, "Creating Our Future: A New Training Culture for Australia" (Brisbane, Australia, August 1998).
INSTITUTION	National Centre for Vocational Education Research, Leabrook (Australia).
SPONS AGENCY	Australian National Training Authority, Brisbane.
ISBN	ISBN-0-87397-520-0
PUB DATE	1999-00-00
NOTE	125p.
AVAILABLE FROM	National Centre for Vocational Education Research, P.O. Box 115, Kensington Park, South Australia 5068, Australia; e-mail: ncver@ncver.edu.au; Web site: http://www.ncver.edu.au/ (35 Australian Dollars).
PUB TYPE	Collected Works - Proceedings (021) -- Reports - Research (143)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Adult Education; Attitude Change; Economic Change; *Education Work Relationship; Educational Attitudes; *Educational Environment; Educational Finance; Educational Needs; Educational Research; Employer Attitudes; Financial Support; Foreign Countries; Industry; Job Training; *Lifelong Learning; Organizational Climate; Postsecondary Education; Relevance (Education); *School Business Relationship; Small Businesses; Training Objectives; *Vocational Education; Work Environment
IDENTIFIERS	*Australia

ABSTRACT

This book contains seven papers from a conference on lifelong learning and creation of a new training culture for Australia. "Promoting a Training Culture in Industry" (Chris Robinson) discusses the extent to which a training culture exists in Australia. The results of a 1997 survey of Australian employers' satisfaction with vocational education and training (VET) are discussed in "Employers' Perceptions of Training and the Way Forward" (Paul Fairweather). "The Relevance of a Training Culture to Small Business in Australia" (Jennifer Gibb) summarizes what recent research on VET has concluded about small businesses' need for and commitment to training. "Research and a Training Culture: Implications for Large and Small Businesses" (Rod McDonald) focuses on the idea of a training culture at the enterprise level, and "The Elements of a Training Culture" (Andy Smith) looks at qualitative evidence to suggest what might constitute an enterprise training culture. "Individual and Enterprise Investment in Learning in a Rapidly Changing Economy" (Gerald Burke, Michael Long, Jeff Malley, Phillip McKenzie) examines factors inhibiting or promoting investment in training. The relationship between workplace learning, change, and research is considered in "What Does Research Tell Us about Developing a Training Culture?" (Ian Falk, Robin Sefton, Stephen Billett). Several papers include substantial bibliographies. (MN)

ED 431 878

LEARNING

DEVELOPING A TRAINING CULTURE

Edited by
Chris Robinson and
Kareena Arthy

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Papers presented at the concurrent sessions on research into a training culture, at the conference, "Creating our Future: A new training culture for Australia", held in Brisbane, August 1998 by the Australian National Training Authority

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LIFELONG LEARNING

DEVELOPING A TRAINING CULTURE

Edited by
Chris Robinson and
Kareena Arthy

PAPERS PRESENTED AT THE CONCURRENT SESSIONS ON RESEARCH INTO A TRAINING CULTURE AT THE CONFERENCE "CREATING OUR FUTURE: A NEW TRAINING CULTURE FOR AUSTRALIA" HELD IN BRISBANE, AUGUST 1998, BY THE AUSTRALIAN NATIONAL TRAINING AUTHORITY

Adelaide 1999
published by

NCVER

A.C.N. 007 967 311

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ISBN 0 87397 520 0
TD/TNC 58.01

Published by NCVER Ltd
252 Kensington Rd Leabrook, SA 5068, Australia
• PO Box 115, Kensington Park SA 5068
www.ncver.edu.au
☎ +61 8 8333 8400

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Preface

Lifelong learning is no longer an abstract concept or an 'optional extra' for any nation wishing to position itself to take full advantage of emerging opportunities. A key element of lifelong learning—the promotion of a training culture—is examined in this book.

The Australian National Training Authority (ANTA) held a major conference on the theme *'Creating Our Future: A New Training Culture For Australia'*, in Brisbane, in August 1998.

In launching the conference, the chairman of ANTA Mr Stuart Hornery AO said:

> *To prosper in our rapidly changing world, each of us must ensure that we have the most up-to-date skills available. This is the only way to secure better employment opportunities for ourselves, and improved competitiveness for enterprises and for our nation.*
>
> *The ANTA Board has recognised, and supports, the need to invest in our future through lifelong learning and to develop a visible commitment to participating, and investing, in both formal and informal training. Many of our global trading partners have such a training culture and are prospering because of it.*
>
> *The implementation of New Apprenticeships, training packages, and the Australian Recognition Framework are now underway and we are actively promoting flexible delivery. Unfortunately, in spite of these initiatives not all Australian enterprises, or individuals, view training as an investment in their future. Yet.*
>
> *Ideally, we should build a training culture that is akin to the strong sporting culture that exists throughout the nation. Why shouldn't we be as proud of people who undertake training, as we are about our sporting heroes?"*

This book contains papers which were presented at the conference, at four concurrent sessions on *Research into a training culture.*

They investigate and probe a wide range of issues associated with the development of a training culture in Australia.

One of the hot issues of debate at the conference was whether we are really talking about a learning culture rather than a training culture. To some the distinction is just

semantics. On balance we would argue that a learning culture is perhaps a more all-embracing term. It captures better the flavour of the lifelong learning concept, about which there is wide agreement.

The other important point to note is that there is considerable evidence that, on the surface at least, there is already an extensive 'training culture' in Australia. Most medium and larger enterprises in Australia provide some kind of training to their employees—spending over $4 billion annually on training. Over 80 per cent of employed people received some kind of training from their employers. Nearly 1.5 million Australians enrol in a publicly funded vocational education and training program each year.

The real question is how to turn all this activity into a genuine learning or training culture where continuous learning and new skills become the drivers of our economic future. The papers in this book examine some of these issues.

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Promoting a training culture in industry

Chris Robinson
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Abstract

The evidence about the extent to which a training culture exists amongst Australia's enterprises is reviewed in this paper. The findings suggest that a widespread training culture is prevalent amongst large enterprises, whether they are private businesses or public sector organisations. Most medium sized enterprises also provide some kind of training to their employees. The same cannot be said for small-sized enterprises, particularly micro businesses.

Some policy measures to further promote a training culture amongst enterprises are reviewed. The conclusion reached is that compulsory across-the-board training levies, such as the Training Guarantee, had a minimal impact in Australia. Other measures that have been or are being tried in the United Kingdom such as 'Investors in People' and the recently announced 'University for Industry' are likely to be more successful, at least for some enterprises.

Introduction

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AUSTRALIA'S ECONOMIC PROSPERITY in the 21st century will depend, to a much greater degree than at any time in our history, on our ability to adjust quickly to provide the new skills required in a rapidly changing global environment. This will perhaps be the single most important factor in determining our economic future, and will not be achieved without the further development of a training culture in Australia. Such a training culture will need to encompass a full commitment to invest in training by enterprises, a commitment by individuals to lifelong learning, and a commitment by governments to encourage and support the skill formation process in Australia.

Australia's new national policy for vocational education and training (VET), *'A bridge to the future: Australia's national strategy for vocational education and training 1998-2003'*, is aimed at ensuring that Australia has the skills it needs to be fully and internationally competitive.

A critical part of the policy is the development of a training culture. In the new VET national strategy a training culture is defined as:

> *a set of instinctive behaviours, beliefs and values, shared by all Australians—employers, employees, the training community and the wider community alike—which leads them to a lifelong interest in vocational education and training and a visible commitment to participating in investing in both formal and informal training.*
>
> (Australian National Training Authority 1998, p. 20)

The Australian National Training Authority (ANTA) goes on to say:

> *such a culture is a feature of some other nations and many of our global competitors, but is not yet an instinctive and distinctive feature of ours.* (ANTA 1998, p. 20)

Moran (1998, p. 30) argued:

> *evidence is mounting to suggest that a concerted effort to build a training culture is required in order to secure Australia's future in an increasingly competitive global economy.*

The available evidence, superficially at least, suggests that a training culture may be more ingrained in Australia than at first thought, particularly in some sectors of industry and the Australian community.

Recently released statistics from the National Centre for Vocational Education Research (NCVER) show that 1.46 million Australians enrolled in a publicly-funded VET program during 1997 (NCVER 1998). This means that 12 per cent of the entire working age population (15-64 years) is involved in some kind of recognised VET each year. This number is high by international standards and has been growing very steadily for many years in Australia.

We also know that over 60 per cent of Australia's enterprises provide their employees with some kind of structured or unstructured training each year, spending over $4 billion annually on the structural training component of their total training efforts.

This suggests that the key issue is not to establish a training culture in Australia as such, but rather to further develop the one we already have to ensure that Australia has the skills it needs to maximise our economic potential.

This paper is focussed on examining the evidence about the extent to which a training culture exists amongst Australia's enterprises. Various measures that might promote further commitment to training are also considered.

The nature of the training culture in industry

The incidence of structured and unstructured training

The information in table 1 gives an indication of employer commitment to training culture in Australia. Over 60 per cent of all employers in Australia reported providing some kind of structured or unstructured training to their employees during the year ending February 1997.

According to the Australian Bureau of Statistics (ABS), structured training refers to:

> *all training activities which have a predetermined plan and format designed to develop employment-related skills and competencies. It consists of periods of instruction, or a combination of instruction and monitored practical work. The instruction can take the form of workshops, lectures, tutorials, training seminars, audio visual presentations, demonstration sessions or monitored self-paced training packages. It can also include structured on-the-job training.* (ABS 1998, p. 65)

Unstructured training refers to:

> *training activity that does not have a specified content or predetermined plan. It includes unplanned training that is provided as the need arises and training activity that is not monitored such as self-training through reading manuals or using self-training computer packages.* (ABS 1998, p. 66)

The public sector has a higher propensity to provide training to its employees than the private sector. As shown in table 1, 62 per cent of private sector employers provide structured or unstructured training to their employees, whereas 84 per cent of public sector organisations provide training to their workforce. However, these differences disappear in the case of large enterprises, where there is virtually no difference in the training rates between the public and private sectors.

The provision of structured or unstructured training by employers is widespread in medium and large enterprises in Australia. Virtually all large enterprises (those with more than 100 employees) provide some kind of training to the workforce and some 94 per cent of medium-sized enterprises (those with 20-99 employees) do likewise (as shown in table 1). However, these enterprises account for only 10 per cent of Australia's enterprises (large enterprises being 2 per cent of all enterprises and medium-sized enterprises being 8 per cent).

The small business sector (those with 1-19 employees) accounts for some 90 per cent of all enterprises in Australia. In this sector only a little over half of all small business reported an involvement in some kind of structured or unstructured training during the year ending February 1997 (as shown in table 1).

The smaller the business, the less likely it is that training (either structured or unstructured) will be provided. As shown in table 2, only 45 per cent of employers in very small enterprises (with a workforce of one to four people) report an involvement in training. These micro-businesses/enterprises make up 63 per cent of the small business sector.

Some three quarters of small enterprises with five to nine employees provide training to their workforce. These enterprises account for 26 per cent of the small business sector (see table 2).

Only 14 per cent of enterprises in the small business sector have a workforce in the 10-19 employee range, and 86 per cent of these enterprises provide training to their employees (see table 2).

Table 1: Employers providing structured and/or unstructured training in the last 12 months by size of enterprise and sector, February 1997

	Enterprise size			
	1-19 employees %	20-99 employees %	100 or more employees %	All employers %
Private sector				
Employers providing training	57	94	99	61
Employers not providing training	43	6	1	39
Total private sector	**100**	**100**	**100**	**100**
Public sector				
Employers providing training	67	100	100	84
Employers not providing training	33	0	0	16
Total public sector	**100**	**100**	**100**	**100**
All sectors				
Employers providing training	57	94	99	61
Employers not providing training	43	6	1	39
Total all employers	**100**	**100**	**100**	**100**

Source: Australian Bureau of Statistics, 1998

Table 2: Small business employers providing structured and/or unstructured training in the last 12 months, February 1997

	Enterprise size			
	1-4 employees %	5-9 employees %	10-19 employees %	All small employers %
Employers providing training	45	74	86	57
Employers not providing training	55	26	14	43
All small business employers	**100**	**100**	**100**	**100**

Source: Australian Bureau of Statistics, 1998

In terms of the provision of some kind of structured or unstructured training a widespread training culture can be said to exist in medium to large sized enterprises in Australia. However, the pattern is rather different in the small business sector, which accounts for 90 per cent of all Australia's enterprises, particularly in those enterprises with fewer than five employees, which dominate the sector.

There are also variations across industries as shown in table 3. The government administration and defence industry stands out as one where virtually all enterprises provide structured or unstructured training to their employees. Other industries with a much better than average proportion of enterprises providing training are electricity, gas and water; education; and personal and other services.

Table 3: Employers providing structured and/or unstructured training in the last 12 months by industry, February 1997

Industry	Employers providing training %	Employers not providing training %	All employers %
Mining	54	46	100
Manufacturing	68	32	100
Electricity, gas & water	87	13	100
Construction	47	53	100
Wholesale trade	61	39	100
Retail trade	60	40	100
Accommodation, cafes & restaurants	55	45	100
Transport & storage	43	57	100
Communication services	54	46	100
Finance & insurance	68	32	100
Property & business services	60	40	100
Government, administration & defence	99	1	100
Education	76	24	100
Health & community services	68	32	100
Cultural & recreational services	50	50	100
Personal & other services	78	22	100
All employers	61	39	100

Source: Australian Bureau of Statistics 1998

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Industries that have proportions of enterprises providing training that are near or just above the Australia-wide average for all industries are manufacturing, health and community services, finance and insurance, wholesale trade, retail trade, and property and business services.

Those industries well below the industry average are culture and recreational services, mining, communication services and accommodation, cafes and restaurants.

The transport and storage and construction industries are the only industries where fewer than half of all enterprises provide structured or unstructured training to their employees.

These variations suggest some clear patterns concerning industry's commitment to training and a training culture. Those industries with a high proportion of large enterprises or public sector enterprises appear to have an 'ingrained training culture'.

On the other hand there appears to be a much lower employer commitment to training in industries with a high proportion of small firms or where there are higher proportions of casual or sub-contracted labour.

The incidence of structured training

The provision of structured training by employers gives a better indication of the level of commitment to a training culture amongst Australia's enterprises. Structured training represents a significantly more intensive level of skill formation activity, than simply considering all training activity which includes unstructured training.

Some 35 per cent of employers provided structured training to their employees in the 12 months ending February 1997, as shown in table 4. However, this masks the very different patterns of structured training provision in different sized enterprises. The overwhelming majority of large enterprises (94 per cent) not only provide training but also provide structured training to employees. This indicates a substantial training culture already exists in Australia in the corporate sector and amongst large public sector organisations.

Table 4: The provision of structured training in the last 12 months by enterprise size, February 1997

Enterprise size	Proportion of employers who provided structured training %
Small business sector	
1-4 employees	20
5-9 employees	43
10-19 employees	60
Total small business (1-19 employees)	**30**
Medium enterprises	
20-99 employees	71
Large enterprises	
100 or more employees	94
All employers	**35**

Source: Australian Bureau of Statistics 1998

Similarly, over 70 per cent of all medium-sized enterprises provide structured training to their employees (table 4).

Only 30 per cent of small business enterprises are involved in providing structured training for their employees As shown in table 4, considerable variation occurs within the small business sector itself, with only 20 per cent of enterprises with one to four employees being involved in structured training, whereas some 60 per cent of enterprises with 10-19 employees provide structured training to their employees.

Employers' expenditure on structured training

Employers in Australia spent $1178.8 million on structured training during the 1996 September quarter as shown in table 5. These results are from ABS surveys of employers' training expenditure patterns for the period July to September 1996. Full year training expenditure figures are not available. However, if we extrapolate the survey results to the whole of 1996, then some $4.7 billion was spent by employers on structured training in 1996.

Of the total expenditure on structured training by employers, just under 47 per cent of the total expenditure was for the wages and salaries of their employees for the time they were receiving structured training, and the cost of paying fees to trainers accounted for a further 40 per cent. The remaining 13 per cent of the total cost of structured training met by employers was for other items, such as training equipment and materials, training venues, accommodation and travel (table 5).

In terms of total training expenditure, almost 70 per cent was spent on training conducted in-house. Only 30 per cent was conducted by external consultants or training institutions such as Technical and Further Education (TAFE) institutes.

Table 5: The components of employers' expenditure on structured training, September quarter 1996

Item	Actual $ million	Proportion %
Employees' wages and salaries for time receiving training	549.2	46.6
Cost of wages and salaries of in-house trainers	271.9	23.1
Fees paid to consultants and institutions	204.2	17.3
Other expenditure such as training materials, equipment, travel, accommodation and meals, training venues, payments to industry training bodies	153.4	13.0
Total structured training expenditure	**1178.8**	**100.0**

Source: Australian Bureau of Statistics 1997

This expenditure provided an average of $185 per employee being spent on structured training by employers during the July to September 1996 period, accounting for an average of almost five hours of structured training per employee during the three-month period (table 6). The $1.179 billion spent by employers on structured training during the September quarter of 1996 amounted to 2.5 per cent of the total payroll for the period.

Table 6: Measures of employers' provision of structured training, September quarter 1996

Indicator	
Total training expenditure ($ billion)	1.179
Expenditure per employee ($)	185
Training per employee (hours)	4.9
Employers providing structured training (%)	17.8
Proportion of payroll spent on structured training (%)	2.5

Source: Australian Bureau of Statistics 1997

On the face of it, the disturbing statistic reported in table 6 is that only 17.8 per cent of employers reported expenditure on structured training during the September quarter of 1996. However, extreme caution should be used in drawing conclusions on the basis of this statistic, because it only relates to spending in a three-month period. The full year's figures reported in table 1 give a much more accurate picture of the scope of employers' involvement in training. These expenditure statistics, however, give useful information about the components of employers' spending on training, rather than about the total amount of spending over the course of a full year.

The really critical issue with respect to employers' expenditure on structured training is the different patterns between small, medium and large employers (table 7). Large companies and public sector agencies (with at least 100 employers) spend almost four times as much per employee on structured training than do small enterprises (with less than 20 employers). Large employers spent nearly twice as much per employee on training than medium-sized organisations (with 20-99 employees).

Only 13 per cent of small employers spent money on training for their employees during the September quarter of 1996, whereas 50 per cent of medium-sized employers and nearly 90 per cent of all large employers provided expenditure for structured training during the September quarter of 1996 (table 7).

Table 7: Measures of employers' expenditure on structured training by enterprise size, September quarter 1996

Indicator	Less than 20 employees	20-99 employees	100 or more employees	All employers
Total training expenditure ($ million)	115.0	168.4	895.4	1178.8
Expenditure per employee ($)	71	136	256	185
Training per employee (hours)	2.4	3.8	6.5	4.9
Proportion of employers providing training (%)	13.4	50.5	88.3	17.8
Proportion of total payroll spent on structured training (%)	1.2	1.9	3.2	2.5

Source: Australian Bureau of Statistics 1997

The other revealing findings of the survey concern the differences in employers' training expenditure patterns across industries (as shown in table 8). The industries that invest the most per employee on structured training are mining ($896); electricity, gas and water ($481); communication services ($318); personal and other services ($299); finance and insurance ($282); government administration and defence ($264); and transport and storage ($251). The mining industry spends almost twice as much as any other industry on structured training per employee. The really low investors in structured training per employee are employers in the accommodation, cafes and restaurants ($55); retail trade ($88); cultural and recreational services ($103) and health and community services ($130) industries.

Table 8: Measures of employers' expenditure on structured training by industry, September quarter 1996

Industry	Total training expenditure ($ million)	Expenditure per employee ($)	Training per employee (hours)	Proportion of employers providing training (%)	Proportion of payroll spent on training (%)
Mining	65.3	896	17.1	26.0	5.8
Manufacturing	161.4	194	5.4	21.5	2.2
Electricity, gas & water supply	25.5	481	10.4	47.8	4.5
Construction	28.5	100	4.2	1.6	1.3
Wholesale trade	69.7	173	3.5	20.6	2.1
Retail trade	78.2	88	3.4	14.2	1.9
Accommodation, cafes & restaurants	18.4	55	2.4	10.0	1.3
Transport & storage	68.4	251	6.1	16.0	2.6
Communication services	41.9	318	6.3	13.8	3.2
Finance & insurance	93.5	282	6.2	26.1	3.0
Property & business services	128.2	191	4.1	18.5	2.5
Government administration & defence	78.6	264	6.0	81.0	3.2
Education	131.9	222	5.9	32.1	3.0
Health & community services	103.2	130	4.1	19.8	2.1
Cultural & recreation services	16.9	103	2.8	10.2	2.1
Personal & other services	69.2	299	9.7	21.3	4.0
All industries	**1178.8**	**185**	**4.9**	**17.8**	**2.5**

Source: Australian Bureau of Statistics 1977

This evidence suggests that

> *the notion of continual skills upgrading of employees has not really become ingrained as a normal feature in most enterprises in Australia, beyond the corporate sector or the public sector.* (Robinson 1997a, p.18)

Some policy measures to promote a training culture

Some measures that have or could be tried to promote further industry commitment to a training culture are explored in the remainder of this paper.

The Training Guarantee experience

The major policy measure tried in Australia to promote a training culture was the *Training Guarantee*.

The *Training Guarantee* was introduced in 1990. Employers with an annual payroll of at least $200 000 were required to spend at least one per cent of their total payroll on training for their employees. In 1992, the threshold was raised to $226 000 and the required training expenditure was increased to 1.5 per cent of the payroll.

The *Training Guarantee* was suspended in July 1994, meaning legislation remained on the 'statute books' but employers were not required to meet its obligations. The Government abolished the *Training Guarantee* in July 1996.

The release of the results of the *Employer Training Expenditure Australia: July to September 1996* survey by the Australian Bureau of Statistics caused most observers to conclude that the cessation of the *Training Guarantee* had indeed led to a diminution of commitment to training on the part of employers in Australia.

As shown in table 9, despite the modest rise in total expenditure by employers on structured training of almost seven per cent since 1993, the survey shows that average expenditure per employee fell by three per cent compared with levels that prevailed in 1993. The average number of hours of structured training to each employee also fell by some 11 per cent between 1993 and 1996. There was also a fall of over 20 per cent in the proportion of employers who provided structured training to their employees between 1993 and 1996.

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Table 9: Measures of changes in employers' provision of structured training

	September quarter		
Indicator	**1993**	**1996**	**Change(%)**
Total training expenditure ($ billion)	1.103	1.179	+6.9
Expenditure per employee ($)	199	185	-3.0
Training per employee (hours)	5.6	4.9	-11.5
Employers providing structured training (%)	22.6	17.8	-21.2
Proportion of payroll spent on structured training (%)	2.9	2.5	+11.2

Sources: Australian Bureau of Statistics 1994 and 1997

At the time I observed:

> *Little wonder media analysts have all concluded that the abolition of the Training Guarantee has caused a fall in employer commitment to training. But before we all rush back on to the Training Guarantee bandwagon, we need to look more closely at the nature of the Training Guarantee and what its impact might really be on changes to training expenditure patterns among different employers.* (Robinson 1997b, p.8)

A more accurate picture of what impact the *Training Guarantee* actually had can be given by looking at the different patterns among different sized enterprises. Indicators of training effort amongst enterprises of different sizes are shown in table 10.

Table 10: Measures of employers' expenditure on structured training by enterprise size: September quarter 1990, 1993 and 1996

	Enterprise size			
September quarter	1–19 employees	20–99 employees	100 or more employees	All employees
Training expenditure as a proportion of gross wages & salaries(%)				
1990	1.7	2.7	3.2	2.9
1993	1.6	2.7	3.2	2.9
1996	1.2	1.9	3.2	2.5
Expenditure per employee($)				
1990	86	180	236	192
1993	83	179	236	191
1996	71	136	256	185
Training per employee (hours)				
1990	4.0	4.1	7.1	5.9
1993	4.1	5.3	6.1	5.6
1996	2.4	3.8	6.5	4.9
Total training expenditure ($m)				
1990	112.3	177.8	818.8	1108.9
1993	108.3	176.3	818.1	1102.7
1996	115.0	168.4	895.4	1178.8
Employers providing training (%)				
1990	18.0	80.3	97.3	24.8
1993	16.1	77.0	97.0	22.6
1996	13.4	50.5	88.3	17.8

Sources: Australian Bureau of Statistics 1991, 1994 and 1997

Total expenditure on structured training by large employers represents the overwhelming majority of employers' expenditure on structured training in Australia—almost $900 million out of the total of $1178.8 million in the September quarter of 1996.

Firms with more than 100 employees maintained their training effort during the life of the *Training Guarantee*. More importantly, their commitment to training has grown since the *Training Guarantee* was abolished.

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The training expenditure of large enterprises is up by almost 10 per cent since 1993. Average hours of training per employee in large enterprises rose by almost 5 per cent since 1993, and training expenditure as a proportion of total payroll has remained steady at just over 3 per cent. The only negative is a fall in the number of larger employers reporting training in the September quarter—from just under 97 per cent in 1993 to 88.3 per cent by 1996.

The corporate sector and large public sector organisations have got the message: essentially they have increased their commitment to training substantially since the guarantee ceased. It could be argued that the *Training Guarantee* has already done its job in corporate Australia and these figures provide no case for its reintroduction.

The *Training Guarantee's* impact on small enterprises (fewer than 20 employees) was always likely to be limited. Small businesses with payrolls under the threshold of $226 000 were exempt. The small business employers who did exceed this threshold were required to spend at least 1.5 per cent of payroll on training. Their total payrolls are nevertheless comparatively low, so the *Training Guarantee* was never likely to produce a big rise in total training amongst small enterprises.

The *Training Guarantee* was not well designed to promote training among small businesses. While there have been falls in the hours of training provided and training expenditure per employee in small businesses, total training expenditure by them has risen by six per cent since 1993 and the small business share of all training expenditure by all employers has only fallen from 9.8 per cent (1993) to 9.5 per cent (1996).

The real issue is that 18 per cent of small employers reported expenditure on training in 1990 when the *Training Guarantee* started. This fell to 16 per cent by 1993 at the height of the scheme and fell to 13 per cent by 1996 after the scheme ceased. This suggests a long-term trend of declining training incidence amongst small employers was not halted by the *Training Guarantee*.

The picture of the impact of the *Training Guarantee* on training expenditure patterns in medium-sized enterprises (20-99 employees) is more clear cut.

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All training indicators point to little change in the commitment to training by medium-sized employers over the life of the *Training Guarantee*. However, there has been a substantial decline in training provided in medium-sized enterprises since the end of the scheme.

Claims for the impact of the *Training Guarantee* would appear to be valid only with respect to medium-sized enterprises, but it should be remembered that medium-sized enterprises account for less than 15 per cent of total training expenditure in Australia.

Some non-compulsory measures from the United Kingdom

Investors in people

Investors in People is an initiative that was developed following a decision by the British Government to abolish its equivalent of the training guarantee.

The proposals for the *Investors in People* initiative were made by the National Training Task Force in their report *Investors in People* that was released in November 1990. The first 28 firms involved in *Investors in People* in Britain were announced in October 1991.

Investors in People was introduced to encourage employers of all sizes, and in all sectors, to invest effectively in the skills needed for business and growth in the United Kingdom. Thus the *Investors in People* initiative was designed to promote a training culture in Britain.

Investors in People is a voluntary scheme where employers take the decision to examine their business operations to achieve the four national standards required of an Investor in People employer. If these standards are achieved then the employer is awarded the *Investors in People* status, and is able to promote their business using the *Investors in People* logo. In fact *Investors in People* works in a very similar way to the ASO standards in Australia, where firms can work towards and achieve quality assurance certification. Such certification entitles an enterprise to use the quality endorsed company logo in enterprise promotional and marketing material.

The four national standards that need to be achieved are that an Investor in People employer

- makes a public commitment from the top to develop all employees to achieve its business objectives
- regularly reviews the training and development needs of all employees
- takes action to train and develop individuals on recruitment and throughout their employment
- evaluates the investment in training and improve future effectiveness

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Details of what each of these standards entail are given in Box 1 (overleaf) and in the publication, *Investors in People* (Dept of Employment 1991a, 1991b).

Employers seeking *Investors in People* status are assessed against a set of assessment indicators for each of the four national standards. The assessment indicators used are outlined in Department of Employment (1991b). External assessment is undertaken through Training and Enterprise Councils (TECs) and employers pay a modest fee for the assessment service. Government expenditure on the policy is therefore quite modest, and is mainly limited to overall program information, national support and promotion to industry.

Box 1: National standards for effective *Investment in People* in the United Kingdom

An *Investor in People* employer makes a public commitment from the top to develop all employees to achieve its business objectives.

- Every employer should have a written but flexible plan which sets out business goals and targets, considers how employees will contribute to achieving the plan and specifies how development needs in particular will be assessed and met.
- Management should develop and communicate to all employees a vision of where the organisation is going and the contribution employees will make to its success, involving employee representatives as appropriate.

An *Investor in People* employer regularly reviews the training and development needs of all employees.

- The resources for training and developing employees should be clearly identified in the business plan.
- Managers should be responsible for regularly agreeing on training and development needs with each employee in the context of business objectives, setting targets and standards linked, where appropriate, to the achievement of National Vocational Qualifications (or relevant units) and, in Scotland, Scottish Vocational Qualifications.

An *Investor in People* employer takes action to train and develop individuals on recruitment and throughout their employment.

- Action should focus on the training needs of all new recruits and continually developing and improving the skills of existing employees.
- All employees should be encouraged to contribute to identifying and meeting their own job-related development needs.

An *Investor in People* employer evaluates the investment in training and development to assess achievement and improve future effectiveness.

- The investment, the competence and commitment of employees, and the use made of skills learned should be reviewed at all levels against business goals and targets.
- The effectiveness of training and development should be reviewed at the top level and lead to renewed commitment and target setting.

Source: Department of Employment 1991a and 1991b

The national promotional role of *Investors in People* is also supported by business itself. A business-led body called 'Investors in People UK' was established in May 1993 to continue to take the *Investors in People* initiative forward.

As shown in table 11, by October 1993 over 4500 organisations/firms had achieved *Investors in People* status or were involved in working towards recognition as *Investors in People*. These firms employed more than 2 million people, representing over 10 per cent of the employed workforce in the United Kingdom.

Table 11: Coverage of *Investors in People* in the United Kingdom 1993 and 1997

Coverage	October 1993	May 1998
Organisations/firms		
• seeking the liP standard	4111	20801
• recognised as liPs	393	10248
Total involved in liP	**4504**	**31049**
Employees in organisations/firms		
• seeking the liP standard or already recognised as liPs (million)	2.0	7.5

Source: Figures supplied by the United Kingdom Department for Education and Employment and the Department of Employment

Some 393 firms employing 324 000 people had achieved the *Investors in People* standard by October 1993 (table 11). Around 43 per cent of these firms had 200 employees or more and 57 per cent had fewer than 2000 employees. One third of Britain's *Investors in People* were organisations with fewer than 50 employees.

Involvement in *Investors in People* has increased substantially since then. By May 1998, over 10 000 enterprises had achieved that standard and more than 20 000 enterprises were working towards the standard. In total, more than 7.5 million employees are in enterprises that are seeking or have obtained the *Investors in People* standard. This is 33 per cent of the employed workforce in the United Kingdom.

The available evidence suggests that *Investors in People* has been a very successful initiative. As a non-compulsory measure it has made a major contribution to fostering a training culture, now involving over 30 000 firms and 33 per cent of the workforce in the United Kingdom. Certainly there is glowing support from many employers involved about how *Investors in People* has been the vehicle for adjustment and skills development to improve business performance.

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The obvious drawback is that as a non-compulsory measure it does little to promote a training culture in the majority of firms who choose not to participate. Moreover, it is arguably these firms where a training culture is most needed.

The big advantage of *Investors in People* is that it does provide a framework and practical support to those enterprises which consciously decide to develop a training culture in their enterprises. *Investors in People* provides a focus to such firms that would not otherwise have existed without government sponsorship of the initiative.

University for Industry

The British Government recently launched a new initiative called *University for Industry* which has two strategic objectives:

- to stimulate demand for lifelong learning amongst both businesses and individuals
- to promote the availability of, and improve access to, relevant, high quality and innovative learning, in particular through the use of information and communications technologies

The *University for Industry* proposal is part of wide-ranging response by the British Government to the proposals for lifelong learning put forward in the recently released Green Paper: *The Learning Age: a renaissance for a new Britain*.

Other measures to promote a training culture—called a 'learning age'—being taken by the British Government include:

- the expansion of higher education places by 500 000 by the year 2002
- setting up individual *learning accounts* to encourage people to save to learn linked to smart cards to help record their learning (the Government is investing £150 million for the first one million accounts)
- establishing learning information hotline, called *Learning Direct*, to provide information about learning opportunities
- establishing a new National Skills Task Force to tackle skills shortages
- introducing new measures to promote adult literacy and numeracy in the workplace for 500 000 adults by the year 2002
- some other measures outlined in Department for Education and Employment (1998, p.7).

To meet its strategic objectives the *University for Industry* will carry out six key activities. These are outlined in box 2.

Essentially the *University for Industry* will provide individuals and businesses with improved information about, and easier access to, learning products and services that meet their particular requirements (including learning accounts). Learning providers will be referred to individual and business customers through the *University for Industry*.

The key role that the *University for Industry* is intended to play is one of brokerage to promote a training culture/lifelong learning amongst businesses and individuals.

Figure 1 depicts the core activities of the *University for Industry*.

Box 2: The key activities of the University for Industry (UfI)

- **analyse the needs of the market and potential customers** including skill gaps; trends in employment, technology and the economy; attitudes towards learning; and the extent to which suitable resources are available. The UfI will liaise with government and business to help interpret and define national and regional priorities. It will draw on analysis by other agencies—in particular the government's Skills Task Force and National Training Organisations (NTOs)—and, where appropriate, commission its own research.
- **Drive demand for learning, through mass marketing and promotion** The UfI will promote lifelong learning as a beneficial and enjoyable activity for people and businesses. It will use a variety of methods, including campaigns via mass market broadcast and press media. Where appropriate, it will use targeted approaches, such as direct mail, to promote specific opportunities to particular groups.
- **Provide people with information, advice and guidance** so that they can quickly pinpoint learning resources that match their individual needs. The UfI will do this through direct or associated services such as: a national telephone helpline, a database of people's learning requirements, resource directors and databases, local information and guidance networks, a newsletter and a website.
- **ensure the availability of, and connect customers to, high quality learning programmes** that match their needs. This will be done by working with relevant intermediate agencies, and by forging partnerships with, and between, providers.
- **Commission new content** where there are gaps between existing supply and demand that cannot otherwise be bridged. These might include new forms of provision for particular priority client groups who are unlikely to be served economically by commercial providers, or seedcorn investment in new technologies and approaches to training.
- **Ensure the quality of products and services**, which the UfI brokers or commissions, building on existing mechanisms and standards. The UfI will aim for sustained improvement of quality, drawing on customer feedback. This will establish a coherent brand and identity for the UfI and its services.

Source: Department for Education and Employment 1998, p.11

The *University for Industry* will be a public-private sector partnership with the

- public sector providing support for the central operations and the initial activities of the *University for Industry*
- private sector forming a wide array of co-operative relationships with the *University for Industry* including:
  - large companies willing to open up their training programs to wider participation
  - private training organisations and other private sector organisations establishing learning centres
  - suppliers of training products providing information to the *University for Industry* to provide to training customers
  - investment over time by private sector financial institutions in training infrastructure and activities that can offer such investors a return on capital

The central structure of the *University for Industry* will comprise a central team,

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Figure 1 The University for Industry's core activities

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reporting to a board of directors, that is responsible for:

- national operations such as IT, central call handling, the national database and the website
- strategic planning and marketing
- field operations oversighting the development of a national network of 'quality assured' learning centres (Department for Education and Employment 1998, pp. 32-34)

Learning centres will be accredited by the *University for Industry* on a franchised basis and will include:

- companies providing training
- training and enterprise councils (TECs)
- local enterprise councils (LECs)
- further education colleges and higher education institutions
- local authorities
- careers services

The timetable for developing and establishing the *University for Industry* is shown in box 3. The government is providing £15 million in 1998-99 and an estimated £50 million in 1999-2000 to establish the *University for Industry*. Income from charging fees, etc., for *University for Industry* services and products, is expected to play an increasing role thereafter.

Box 3: The key milestones for developing the *University for Industry* (UfI)

1998
- *University for Industry* prospectus issued
- transition team established
- call for applications for development project and UfI learning funding (for innovative transition projects)
- projects commence
- CEO appointed and UfI legal entity established
- UfI website established

1999
- franchised network of learning centres established
- databases and infrastructure established
- national marketing campaign begins
- full UfI staff in post

2000
- UfI fully operational and open for business.

Source: Department for Education and Employment 1998, p. 38

The British Government is aiming for 2.5 million people and businesses to be using information services provided by the *University for Industry* by 2002. It is also anticipated that over 600 000 customers will be purchasing programs of learning organised through the *University for Industry* by the year 2002.

This is an initiative worth examining and some similar organisations with a role to brokering lifelong learning services may well be necessary to further promote a training culture amongst Australia's enterprises in the future.

Conclusions

The evidence reviewed in this paper suggests a training culture is already well ingrained in Australia's corporate sector and in large public sector organisations. Similarly most medium-sized enterprises provide structured and/or unstructured training to their employees.

The same cannot be said about a commitment to training in the small business sector, where most enterprises and employed Australians are to be found.

In looking at what governments might do to actively promote a training culture to those sections of industry that are not yet sufficiently involved, it was found that the *Training Guarantee* that operated in Australia only had a minimal impact on most small to medium-sized enterprises (SMEs). Small businesses were exempt from the scheme and it was only in the medium-sized enterprises that any real impact from the *Training Guarantee* could be discerned.

The *Training Guarantee* had little overall impact on the corporate sector or amongst large public sector organisations. Virtually all these enterprises are committed to training and have incurred their training expenditure since the *Training Guarantee* ceased.

Compulsory across-the-board training levies are very unpopular with employers, both in Australia and overseas where they have been tried.

Two voluntary measures from the United Kingdom, which have been reviewed in this paper, offer considerable promise to further promote industry commitment to a training culture. These are the successful *Investors in People* initiative which has been operating since the early 1990 and a new *University for Industry* initiative. The *University for Industry* is aimed at promoting lifelong learning amongst British business and individuals and is expected to be fully operational by the year 2000.

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Employers' perceptions of training and the way forward

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Abstract

Employers are critical clients of the vocational education and training system. Their requirements need to be taken into account and acted upon if the system is to supply the necessary skills for an internationally competitive workforce. This paper examines the results of the *Employer satisfaction with vocational education and training 1997* (NCVER 1997) survey to see what employers actually think about the vocational education and training system.

Overall, employers' satisfaction with vocational education and training was high. Whilst satisfaction was generally high, there are gaps between the level of service experienced and employers' expectations of service. These views varied across industries and to some extent within different sized businesses.

The paper also investigates the service aspects that employers identified as important and most in need of improvement.

Introduction

THE SIZE OF the vocational education and training (VET) market continues to grow each year. In 1997 there were almost 1.5 million clients (NCVER 1998) in publicly funded VET, which represents 12 per cent of the working age population (persons aged 15-64). According to the *TAFE graduate destination survey 1997*, graduates, in the main, undertake courses for work-related reasons thus making the perceptions of employers toward the VET system critical.

If Australian industry is to prosper in the 21st century it needs to have a skilled, flexible and motivated workforce. The responsibility for the skill development of the workforce is likely to be shared between both the employer and the employee. The attitudes of employers to the vocational education and training system is an important determinant as to the type of trained staff employers will recruit and how they will choose to support and encourage existing employees' skill development. The ability of

the VET system to respond effectively to employers' needs will also be important if businesses are to compete effectively in an internationally competitive environment.

While the ability of the VET system to respond effectively has been questioned in some quarters, the available evidence doesn't always support this notion. This paper looks at the results from the *Employer satisfaction with vocational education and training 1997* survey, compiled by the National Centre for Vocational Education and Training (NCVER) and focusses on the perceptions employers have of the VET system.

Overall, employers' satisfaction with vocational education and training was high. While satisfaction was high for small, medium and large employers it was higher for the larger employers and varied amongst different industries. Over three-quarters (77 per cent) of employers of VET graduates gave a score of six or more out of ten as a measure of their satisfaction with VET which yielded a mean rating of 6.7 (with one being 'very dissatisfied' and ten being 'very satisfied'). Whilst satisfaction was generally high there are gaps between the level of service experienced and employers' expectations of 'excellent' providers which will be highlighted throughout the paper.

Even when employers were asked to nominate areas of the VET system in most need of improvement, no single issue dominated their responses. Instead a diverse range of responses was articulated. This suggests that although a reasonable level of service is already being provided, employers would like to see further improvements in the VET system.

Before the results of the survey are discussed, an outline of the survey, including the methodology and in-scope employer profiles, has been summarised below.

Methodology

A telephone survey using a computer-assisted telephone interviewing system was carried out between 12 August and 23 September 1997. A total of 2687 in-scope interviews were undertaken with in-scope employers. In-scope employers were those with employees who had graduated from a VET course of 200 hours duration or more in the two years prior to the survey.

The survey sample was stratified by State and mainland Territories, employer size and by the 17 major Australian and New Zealand Standard Industrial Classification (ANZSIC) industry divisions. Employer size was based on the standard Australian Bureau of Statistics employer size classifications of small (1-19 employees), medium (20-99 employees) and large (over 99 employees). Survey results were weighted in order to account for the disproportionate sampling of establishments by size, State and industry and for differential response rates across strata.

Interviews were conducted with human resource managers (or equivalents) in larger organisations and general managers (or equivalent) in smaller establishments.

The questionnaire sought employers' perceptions of and satisfaction with a range of areas within VET, including availability, relevance and quality of VET. Focus groups were conducted with a range of employers in two States to refine the issues to be

addressed in the questionnaire. The focus groups were also used to develop satisfaction and relative importance level descriptors for each of the key aspects of VET (availability, quality and relevance). Two stages of pilot testing were also conducted before undertaking the main survey.

In-scope employer profiles

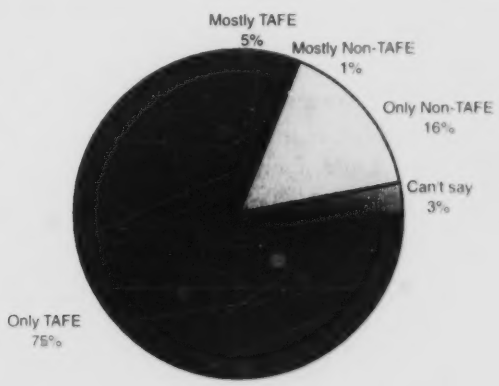
The 1997 Employer Satisfaction Survey estimated that there were over 100 000 establishments employing people who had completed a vocational training qualification in the previous two years. Just over three-quarters of these establishments (or employers) were small businesses, while 18 per cent were medium and 5 per cent were large.

The largest single industry employing recent VET graduates was retailing, which the survey estimates to account for just under 20 per cent of all employers of recent VET graduates. Amongst large establishments, the manufacturing industry was the industry accounting for the largest proportion (22 per cent) of establishments employing recent VET graduates.

A majority of employers in all industries reported that most of their recent VET graduates had been trained by Technical and Further Education (TAFE) providers. Eighty-one per cent of employers had at least one recent VET graduate who had been trained by a TAFE, while 22 per cent of employers had at least one recent VET graduate who had been trained by a non-TAFE training provider (see figure 1).

Use of TAFE/non-TAFE providers varied by size of organisation. Smaller employers were the more likely to report that all their recent VET graduates were trained by non-TAFE training providers (17 per cent compared to 12 per cent of medium and 7 per cent of large establishments). As larger establishments tend to have a larger and more varied set of recent graduates, it is not surprising that the occurrence of establishments with a mix of TAFE-trained and non-TAFE trained graduates was highest amongst larger establishments.

Figure 1: Employers by whether recent VET graduates received training with a TAFE or a non-TAFE training provider



Base: All in scope respondents

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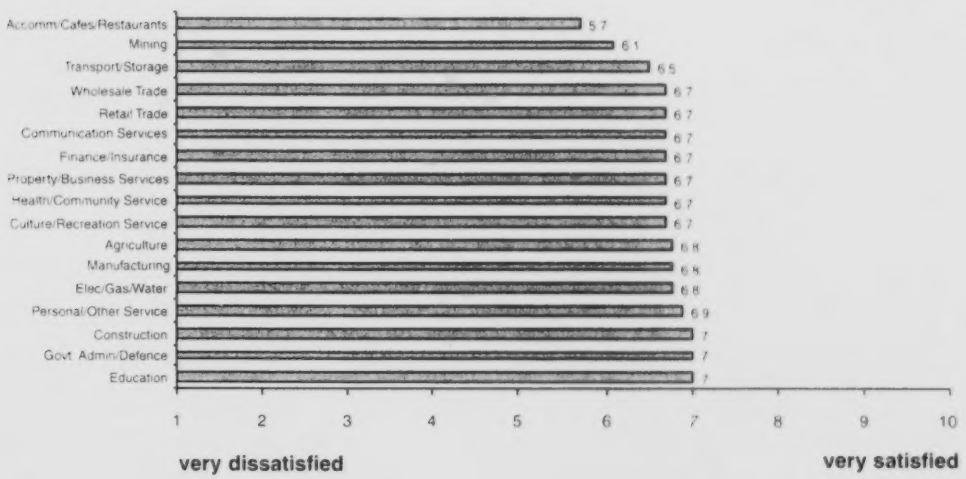
Overall employer satisfaction with the vocational education and training sector

Satisfaction with the VET sector was generally high. Employers' overall satisfaction with the performance of vocational education and training providers was rated on a scale of one to ten, with one being 'very dissatisfied' and ten being 'very satisfied'. Seventy-eight per cent of employers of VET graduates gave a score of six or more out of ten as a measure of their satisfaction with VET, which yielded a mean rating of 6.7. Whilst satisfaction was generally high there are gaps between the level of service experienced and employers' expectations of service.

Figure 2: Mean overall satisfaction score with VET providers by industry



Generally the satisfaction ratings were similar across most industries. The major exceptions to this were the accommodation, cafes and restaurants industry and the mining industry. Employers within the accommodation, cafes and restaurants industry were significantly less satisfied (mean of 5.7) than other industries, as were mining industry employers who gave a mean rating of just 6.1. Whilst the accommodation, cafes and restaurants industry is the least satisfied with the performance of VET providers it also spent less ($55 per employee) on structured training than any other industry in the September quarter of 1996 (ABS 1997). Whether or not there is a correlation between satisfaction and expenditure on structured training is difficult to tell, given the mining industry was the leading investor per

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employee ($896) on structured training, almost twice as much as any other industry yet was also one of the least satisfied with the performance of VET providers.

There was virtually no difference in mean ratings between small (6.6), medium (6.7) and large (6.7) employers, however when the ratings on a scale of one to ten are examined on a percentage basis, some differences are apparent. In particular, the proportion of employers satisfied with VET training providers (giving a rating of between six and ten) was slightly lower amongst small employers (77 per cent) than amongst medium employers (80 per cent) and large employers (83 per cent).

Similarly, high satisfaction was expressed in some industries. In particular, high levels of satisfaction were reported in the industries of electricity, gas and water supply (91 per cent), communication services (87 per cent), education (87 per cent) and government administration and defence (84 per cent).

Employers' attitudes to VET

The attitudes of employers towards the value and relevance of VET were generally positive. Respondents were asked whether they agreed or disagreed with a number of statements about VET in general (see table 1). There are, however, a number of areas where employers see a need for improvement.

An overwhelming majority of employers (85 per cent) felt that a person's 'qualifications should be based on what the person can actually do, rather than on the number of years training they have completed'. Retail establishments, the largest employer of recent VET graduates (see table 2), were strongest in their agreement with this statement (96 per cent) but otherwise there was little variation in the level of support for this position between industries, States or establishment sizes. Similarly, 77 per cent of employers felt that 'it is difficult to tell from a person's educational qualifications what they can actually do', while 62 per cent felt that 'on-the-job skills are more useful than skills obtained through formal vocational education'.

There is also almost universal agreement with the view that 'there should be more work experience or work placements as part of vocational training' (84 per cent). Wholesale trade (92 per cent agree) and agriculture, forestry and fishing establishments (90 per cent) agreed most with this view, while at the other end of the scale, just 72 per cent of establishments in the electricity, gas and water supply industry were in agreement with this view.

Table 1: Employers with recent VET graduates: Summary of attitudes of employers to vocational education and training

Statement	Total agree %
Qualifications should be based on what a person can actually do, rather than how many years of training they have completed	85
There should be more work experience or work placements as part of vocational training	84
Employers should have more input into course content	81
It is difficult to tell what a person can actually do from their educational qualifications	77
The VET system needs to provide more practical job skills	75
Training pays for itself through increased worker productivity	73
The VET system is providing graduates with skills appropriate to employers' needs	65
On-the-job skills are more useful than skills obtained through formal vocational education	62
It is more cost-effective to recruit trained people than to train people on the job	51
The VET system does not take into account the needs of employers	39

Employers also agreed (81 per cent) that they 'should have more input into course content' in relation to vocational training. In this regard, there is considerable variation between industries. Eighty-nine per cent of establishments in retail and in accommodation, cafes and restaurants agree that employers should have more input, while amongst agriculture, forestry and fishing, wholesale trade and cultural and recreational services just two-thirds of establishments agreed. At the same time, it should be noted that 39 per cent of employers feel that 'the VET system does not take employers' needs into account'. This view is held by a slight majority of Retail establishments (52 per cent) and a large minority of electricity, gas and water supply establishments (47 per cent).

Table 2: Percentage of employers with recent VET graduates, by industry

Industry	Per cent
Agriculture, forestry and fishing	11.0
Mining	0.4
Manufacturing	6.8
Electricity, gas and water supply	0.6
Construction	5.9
Wholesale trade	5.5
Retail trade	19.9
Accommodation, cafes and restaurants	5.1
Transport and storage	3.4
Communication services	0.6
Finance and insurance	4.5
Property and business services	13.1
Government admin. and defence	1.7
Education	3.3
Health and community services	11.3
Cultural and recreational services	1.8
Personal and other services	4.9
Total	**100.0**

Employers were divided in their views as to whether it 'is more cost-effective to recruit trained people or to train people themselves'. Industries where the view prevails that it is more cost-effective to recruit trained people include, in particular, finance and insurance services, communication services, transport and storage, personal and other services and electricity gas and water supply. While slightly more establishments in agriculture, forestry and fishing felt that it was more cost-effective to train people on the job than to recruit trained people.

A measure of the extent of employers' satisfaction with the VET system can be gained by comparing the responses to two related statements: 'The VET system is providing graduates with skills appropriate to employers' needs' (65 per cent agree, 19 per cent disagree) and 'The VET system needs to provide more practical job skills' (75 per cent agree, 15 per cent disagree). It seems that employers feel (though not particularly strongly) that the VET system is producing graduates with at least some of the skills that employers need but there is a significant demand amongst employers for the VET system to produce graduates with skills more focussed on actual workplace requirements.

The majority of employers do see training as a valuable investment. Most employers agree that 'training pays for itself through increased productivity' (73 per cent), while a minority in all industries disagree. The highest levels of disagreement with this statement are found in the retail trade (21 per cent) and electricity, gas and water supply industry (20 per cent).

A number of the issues and concerns expressed by employers in the survey are being taken up by the VET sector. The implementation of the National Training Framework attempts to address directly some of the employers' concerns. The National Training Framework has been designed to ensure 'that skills and qualifications gained by individuals are nationally recognised and are based on industry-determined levels of competence' (Australian National Training Authority 1997).

The key objectives of the National Training Framework are to ensure that:

- available training products and services better meet enterprise and industry needs
- skills and qualifications which people gain are portable and recognisable nationally
- employers can have confidence in the quality of training undertaken
- employers who operate in more than one State of Territory are able to put common training arrangements in place across their organisation

The National Training Framework comprises two new interrelated components, the National Training Packages and the Australian Recognition Framework. The aim of the National Training Packages is to allow Registered Training Organisations to develop flexible training programs to better meet employers' and individuals' training needs. As has been noted elsewhere (Ward 1998) the Australian Recognition Framework sets minimum national requirements for registration and enhances mutual recognition. It aims to simplify regulation while at the same time maintains quality.

Certainly, if these initiatives are successful in achieving their objectives then employers' concerns regarding the link between qualifications and actual skills/competencies should be allayed. Likewise the initiatives have tried to address employers' concerns regarding employers' input to both courses and general employers' needs.

What service aspects do employers think are important?

Employers were asked to rate the importance of a numbers of aspects of VET. These aspects and the overall importance allocated to each of them are shown in figure 3.

Teachers' ability and experience are considered by a large majority of employers to be among the most important aspects of service that a VET training provider can offer. Forty-three per cent of employers rated teachers' ability and experience 'extremely important', while another 40 per cent felt it to be 'very important'.

After teachers' ability and experience, employers rated graduates' work ethic as most important. Thirty-seven per cent of employers felt that the work ethic of graduates was an 'extremely important' aspect of the 'service' provided by a VET training provider and a further 41 per cent felt it to be 'very important'.

Another important issue for employers was the ability of VET training providers to produce graduates who possess the ability to work and cope with setbacks with relatively little supervision. A total of 31 per cent felt this to be 'extremely important' and another 41 per cent felt it to be 'very important'.

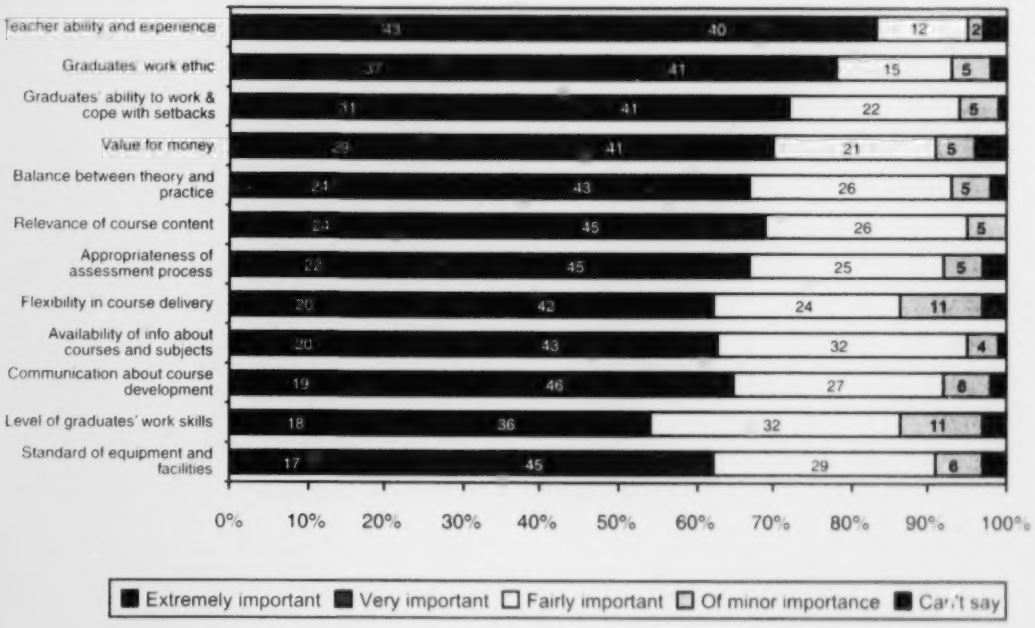
'Value for money' was felt by 29 per cent of employers to be an 'extremely important' aspect of the service offered by training providers, while another 41 per cent felt it to be 'very important'.

As figure 3 indicates, two issues relating to the content of training courses, namely the balance between theory and practice and the relevance of the course content, were given approximately equal importance by employers.

Most of the remaining aspects of service, those rated by employers as being of slightly lesser importance than those already discussed, relate broadly to the mechanics of course delivery.

The finding that relatively few employers rate 'the work skills of graduates compared to non-graduates' as either 'extremely' or 'very important' was surprising, as other superficially similar 'output-based' measures of service are rated as of significantly greater importance by employers. However, only 18 per cent of employers felt that graduates' work skills compared with non-graduates was an 'extremely important' aspect of service.

Figure 3: Relative importance of aspects of service offered by VET providers



Base: All employers able to say at what type of training provider most of their recent VET graduates trained (n=2587)

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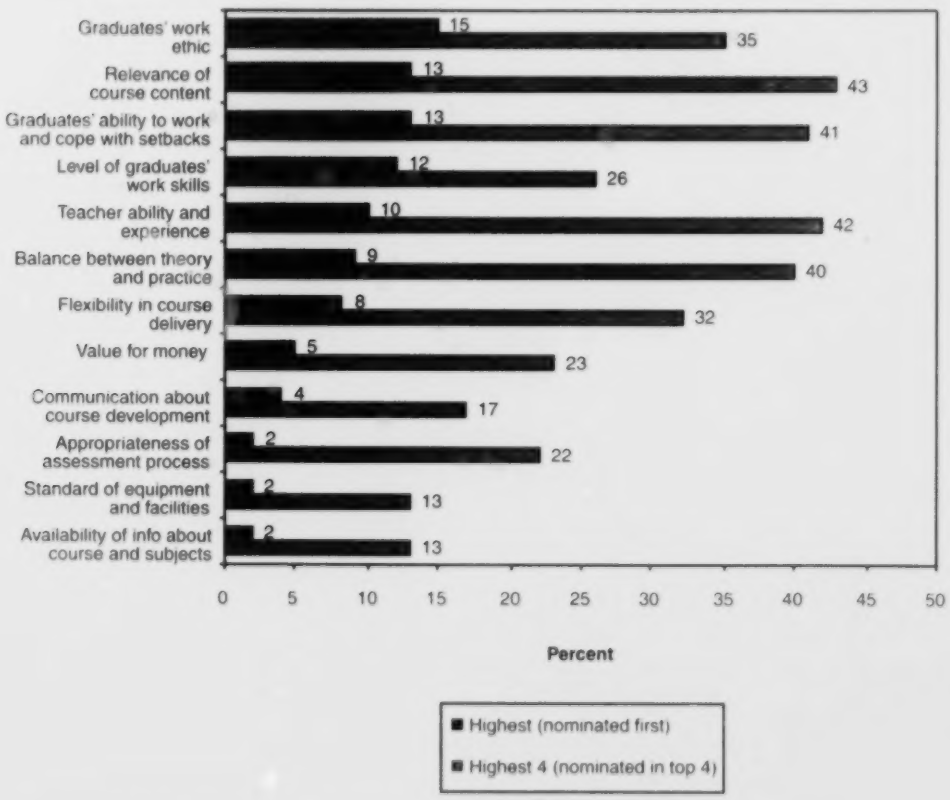
Priorities for improvement

There were a variety of responses from employers when they were asked to make suggestions for improvement in the training system. There was no single aspect that emerged from employers, which probably indicates that there is no single glaring deficiency in the training system.

Employers were asked to nominate, in order of priority, the four aspects of service offered by training providers in which they would most like to see improvement. The aspect most commonly nominated first (by 15 per cent of employers) was 'graduates' work ethic', while 13 per cent of employers first nominated the ability of graduates to work and cope with setbacks without supervision. These attributes tend to be experiential skills and are difficult to instil in students outside the workplace. Relevance of course content was also nominated first by 13 per cent of employers. Then followed (12 per cent of employers) the level of graduates' work skills compared to non-graduates.

Figure 4: The aspects of service in which employers would most like to see improvements (per cent)



Base: Employers able to nominate the type of training provider at which most of their recent VET graduates trained (n=2587)

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As figure 4 shows, relevance of course content (nominated amongst the top four by 43 per cent of employers), teacher ability and experience (42 per cent), graduates' ability to work and cope with setbacks without supervision (41 per cent) and course balance between theory and practice (40 per cent) were the aspects most commonly mentioned as in need of improvement.

Current satisfaction with key aspects of service

For each aspect of service provided by training providers, the employers of VET graduates were asked to indicate the level of service that they:

- would find unacceptable i.e. would cause them to complain or change institutions
- are currently receiving
- would expect from an excellent training provider.

For each service aspect, the results show not only employers' perceptions of unacceptable, current and expected service, but also, and most importantly, the size of the gaps between these measures. In particular:

- how close to an unsatisfactory level the current service is
- the magnitude of the 'gap' between the service that is currently offered and the level of service that is desired from training providers by employers.

Those aspects of service that were thought to be most in need of improvement were generally rated as being provided at satisfactory levels. There were, however, gaps between currently perceived levels of service delivery and levels employers would expect from an excellent training provider.

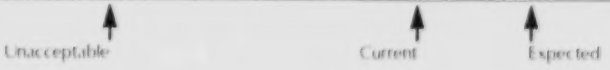
The following section highlights these findings in order of employers' four highest priorities for improvement.

Employers' perceptions of graduates' work ethic

Overall, employers perceived that the work ethic demonstrated by VET graduates currently was fairly close to that expected from an excellent training provider (see figure 5). Employers' perceptions of the current situation indicated that the work ethic of graduates overall was well above the level that would be considered unacceptable.

Figure 5: Level of recent VET graduates' work ethic: Employers' perceptions and satisfaction (means)

Service aspect	Level 1	Level 2	Level 3	Level 4
Graduates' work ethic	Show almost no interest in their work	Show some interest in their work and occasionally use some initiative	Concentrate on their work and mostly focus on quality	Are really involved in their work and always strive for excellence



While employers in all three size groups have equal expectations of the work ethic that an excellent training provider should provide, both medium and larger employers were less likely than smaller employers to report that their recently graduated employees were of this high standard.

Employers in the retail trade were slightly less impressed with the work ethic of their graduates than were most employers, while those in the Education industry rated the current standard of their recently graduated employees higher than other industries. These differences, however, were not dramatic.

Employers' perceptions of graduates' ability to work and cope with setbacks without supervision

In general, employers' perceptions of graduates' abilities in this regard were short of the level that would be expected of an excellent training provider but were well above the unacceptable level (see figure 6). Agriculture, forestry and fishing employers and finance and insurance employers felt that the VET graduates they had received required rather less supervision than was felt by employers overall, while employers in accommodation, cafes and restaurants felt that their graduates required relatively more supervision.

Figure 6: Recent VET graduates' ability to work and cope with setbacks without supervision: Employers' perceptions and satisfaction (means)

Service aspect	Level 1	Level 2	Level 3	Level 4
Graduates' ability to work and cope with setbacks without supervision	Need virtually 100% supervision and cannot cope with even minor work problems	Need quite a lot of supervision, but can cope with minor work problems	Need some supervision, but generally cope well with most work problems	Can work virtually unsupervised and are prepared to take ownership of the job and any problems
	↑ Unacceptable		↑ Current	↑ Expected

34

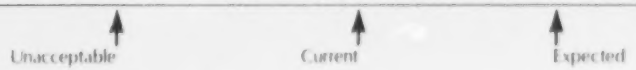
Employers' perceptions of relevance of course content

The level of service currently provided by VET providers was comfortably above the acceptable level but much further below the expected level than most other aspects of service (see figure 7).

Relatively few mining industry employers (20 per cent) felt that course content was any better than 'current and usable' (compared to 42 per cent of employers in general). Conversely, 58 per cent of employers in the health and community services industry felt that course content was better than 'current and usable' (compared to 42 per cent of employers in general).

Figure 7: Relevance of course content: Employers' perceptions and satisfaction (means)

Service aspect	Level 1	Level 2	Level 3	Level 4
Relevance of course content	Not relevant to the industry's current needs	Mostly current and usable by the industry	Directly relevant to the needs of the industry	At the leading edge of industry needs



Employers' perceptions of level of graduates' work skills

Employers perceived that the current level of service they were receiving from VET training providers, in terms of 'graduates' work skills compared to non-graduates', was close to that expected from a quality service provider (see figure 8). The current service is well above the level considered unacceptable.

Figure 8: Level of VET graduates' work skills: Employers' perceptions and satisfaction (means)

Service aspect	Level 1	Level 2	Level 3	Level 4
Level of graduates' work skills compared to non-graduates	Don't show any better skills	Have a few of the required skills	Effectively apply the skills they've learned	Have significantly improved their skills and productivity

While employers in all industries reported similar perceptions, it should be noted that the gap between current and unacceptable levels of service was slightly narrower in the accommodation, cafes and restaurants industry than in others.

Among the findings, 49 per cent of employers felt that the graduates from VET training providers effectively apply the skills they've learned. However, 55 per cent of employers felt that an excellent training provider should provide graduates with significantly improved skills and productivity and 63 per cent of employers would not choose a particular training provider again or would complain if it provided graduates who didn't show any better work skills than non-graduates.

Employers considered that graduates' work skills were an important aspect of the 'service' that they expected from a training provider but relatively less so than several other aspects of service. Fifty-four per cent of employers consider graduates' work skills to be either extremely important or very important.

Improvements in the training system

There was a diverse range of responses from employers when they were asked to make suggestions for improvements in the training system. Eighty per cent of employers gave one or more suggestions for improvement.

The means of improvement most frequently mentioned were that training must be specific and relevant to industry needs (16 per cent), and that the training system must provide more practical and on-the-job training (16 per cent). A number of employers would also like to see more input into the courses from industry (12 per cent).

These results merely reinforce the findings in the section on employers' attitudes to VET. The majority of employers agreed with the view that there should be more work experience or work placements as part of vocational training, that they should have more input into course content and that the VET system should produce graduates with skills more appropriate to industry needs.

Table 3: Main suggestions for improvements in the training system (multiple responses)

Employer's suggestions for improvement	Per cent
Content	
Training must be specific/relevant/focussed to industry needs	16
Provide more practical training/more work experience/industry experience/ on-the-job training	16
Keep up with technology/update courses in line with technology	3
Communication	
Seek more input/feedback from employers/industry/ask them what they want in courses, etc.	12
Improve communication/contact/relationship between employers/industry and training providers	7
Provide more information to employers/industry re courses	6
Provide teachers with more industry knowledge	4
Flexibility	
Be more flexible re timetables/hours, etc.	7
Provide more distance education/country people have to travel too far	3
Cost	
Provide cheaper/more cost-effective courses/better value for money	4
Assessment	
Provide better assessment/evaluation of students/stick to training standards	4
Other	22

Base: In-scope respondents

Conclusion

Overall the survey results show that the majority of employers are satisfied with the VET system. This is generally true for all enterprises, although probably more so for the larger employers. At the industry level it is also true to say that there are generally similar levels of satisfaction amongst most industries. The exceptions to this were the

accommodation, cafes and restaurants industry and the mining industry who were more dissatisfied with the VET system. More research needs to be undertaken to understand why these two industries are less satisfied.

Although generally satisfied, there were aspects of service that employers thought were priorities for improvement. Employers would prefer courses to be more practical and relevant with more on-the-job training and experience. For these things to occur they see a need to have more input to the VET system. They would also like graduates to have an improved work ethic and ability to work and cope with setbacks without the need for supervision. Improvements in graduates' work skills were also seen as important.

While employers may generally be satisfied with the VET system, even with aspects they would like to see improved, it is clear they expect an even higher level of service. As mentioned earlier in the paper, a number of initiatives are being introduced that, if successful, should address a number of the concerns expressed by employers in the survey. As long as improvements to the VET system continue to be a priority for providers, government and business, employers will continue to look to the VET system as a source for improving the skills of their employees.

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The relevance of a training culture to small business in Australia

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Abstract

Small business is a term used to describe a diverse and large number of companies within the private sector. This diverse group which we use the shorthand label 'small' to describe has diverse training needs and uses a variety of training and learning strategies to satisfy these needs. The training culture within these small organisations may well be quite different from the training culture which we in the VET system ascribe to and it may be quite different from the training culture of larger organisations. In fact the term 'learning culture' may be a more accurate reflection of what is happening in small business.

This paper reviews what current research in VET tells us about small business and its need for and commitment to training. It is argued that our understanding of a training culture must acknowledge the fact that small business undertakes training and learning for the purpose of maintaining and developing its business performance. Training which incorporates a cluster of services to support small business and which offers advice, information and business development rather than purely delivery of training is in demand. To this end, many people in small business acquire skills and competencies for the job using a number of strategies, not only training. Thus a training culture based predominantly on accredited and structured training for the purpose of gaining a qualification is not the training culture that reflects the training and learning that happens in small business.

Introduction

IS SMALL BUSINESS taking advantage of all the opportunities to train that the VET system has put in place? If it isn't, does this mean there isn't a training culture in small business? Is the VET system providing the type of training small business wants and needs? Is training something which is important to small business? Would we get the same answers to these questions if we replaced the word 'training' with 'learning'? In essence, these are the types of questions this paper seeks to probe and about which it seeks to generate debate.

Statistical data paints a picture in which training is not a predominant feature of small business life. Surveys conducted by the Australian Bureau of Statistics (1997, 1998) indicate that there is less training happening in small business: only 13 per cent of small employers spent money on structured training for their employees in the three month period July-September 1996. This compares with 50 per cent of medium-sized employers and almost 90 per cent of large employers. Small businesses account for 89 per cent of all private sector businesses and yet 10 per cent of total training expenditure. According to the ABS (1997) only 2 per cent of small businesses which regarded themselves as successful identified education and training as a factor which led to their success.

In a survey conducted over the twelve-month period ending February 1997 which included questions about structured and unstructured training, 30 per cent of all small employers stated that they provided structured training. Comparable figures for businesses employing more than 20 people were 71 per cent for medium-sized enterprises and 94 per cent for large enterprises. Forty-nine per cent of small employers stated they provided unstructured training in the 12 months prior to the survey. Robinson provides detailed discussion and explanation of these figures in chapter one of this book.

Interestingly, 51 per cent of non-employing and 72 per cent of businesses employing less than five people reported using a business advisory service. This fact is perhaps more indicative of the need for information, advice and support which is a feature of small business life and which is noted in the qualitative research into small business and its training needs.

The Australian National Training Authority (ANTA) in its strategy paper, 'A bridge to the future' defines a training culture as follows:

> *A training culture is a set of instinctive behaviours, beliefs and values, shared by all Australians—employers, employees, the training community and the wider community alike—which leads them to a lifelong interest in vocational education and training and a visible commitment to participating in investing in both formal and informal training.*
>
> (Australian National Training Authority 1998, p. 20)

This definition seems to suggest a need to work towards a national training culture. Yet reality suggests there are organisational cultures that support training in business, rather than one all encompassing 'training culture'.

If there is a prevailing training culture in Australia at present, then it is one which is based on structured training and/or recognition of competencies gained in work and life experience leading to qualifications. The statistical data suggests that this prevailing training culture has failed to have an impact on small business.

The package of behaviours, values and beliefs that make up a training culture as defined by ANTA may well vary across the spectrum from large to small businesses. In fact the way this culture finds expression in business will most probably depend on whether the business itself has evolved beyond basic survival mode into having a more strategic focus with business goals. Of non-employing businesses 14 per cent had

a business plan; 23 per cent of businesses employing one to four people had a business plan and 35 per cent of businesses employing 5-19 people had a business plan. Smith (1998) identifies the following as elements of a successful training culture in an enterprise: training being closely linked to business strategy; innovation in work organisation; employee relations climate that is neither too adversarial nor too consultative; commitment of both senior and lower level managers to training; working in an industry in which training arrangements have improved.

A training culture will only evolve if there is commitment, if there is perceived benefit and if the experience of training in the past is positive. Thus employers, employees and the training community not only have to share this package of beliefs, behaviours and values they all have a role to play in nurturing this culture.

How does this idea find expression in small business? There are some small businesses which have a commitment to developing the skills of their employees and they use a variety of formal and informal programs offered by consultants, TAFE or private providers to achieve this. Equally, a small business which provides on the job induction and orientation training to all new employees to ensure they all can do the range of duties expected of them would claim to have a training culture.

The purpose of the learning and training that takes place in much of small business is to gain skills and to solve problems so that the small business remains productive and provides a livelihood to those who work there. There is a sense of immediacy about this training: training today's workforce for today as opposed to training today's workforce for tomorrow.

The purpose of undertaking vocational education and training is much broader: people will undertake VET for their own self-development, to gain skills and knowledge they missed out on at school and to gain a qualification which is the signal to a potential employer of the skills, knowledge and experience that a person has. The changes made to the VET system in the last ten years have focussed on ensuring that the skills and knowledge gained through VET are relevant to industry needs. A qualification and the training and learning that is undertaken to achieve this is more than the skills needed in one job—a VET qualification is in a sense a package of the essential and desirable skills and knowledge to prepare a person for the range of work that is available within an industry.

The vocational education and training system has been working towards making training more attractive and accessible to small business. The expansion of the group training companies, the move to take training out of the classroom and into the workplace, the funding of a series of small business professional development projects to find out what type of support and training small business needed in order to participate in structured training are some examples.

Field (1998) states the real challenge now for VET policy groups is not to 'repackage structured training programs but to reconceptualise the training dominated agenda in a way that allows a more holistic view of how knowledge is acquired within real business' (Field 1998, p.65).

A training culture is an ideal, a vision that is put into practice in different ways in different environments. The VET system should take note of the fact that small business uses strategies other than training to gain the skills, knowledge and aptitudes it needs in order to function. It is right that we should work towards making a training and learning culture a reality in the community and at work. However, to make what the VET system has to offer relevant to the small business community we have to keep our vision broad and our minds open to the reality that structured and/or accredited training is one path to skill formation in small business—but not the most widely-used path. Other paths include recruiting people with the skills, knowledge and aptitude needed, gaining advice and information from business advisers, accountants, friends, family, participating in networks and getting non-accredited training from suppliers, customers and consultants.

If the products and services we in the training system are offering small business are to be attractive and taken up by small business, we have to do more than deliver training in flexible ways. We have to expand our horizons and see that there is a role for us to offer small business a cluster of services which in the first instance might not have anything to do with training, but which have more to do with business development, business performance and business management. There is a demand for a service in small business—but this demand is not entirely for training, no matter how flexibly we are able to offer it. There is also a demand for training in small business, but it is not necessarily the type of training that VET has to offer.

What do statistics tell us about small business?

There are many operators in small business who object to the word 'small'—they prefer 'core': 'we are the heart and soul of the country—we are the centre of activity'. (Austin 1997). Before summarising the cold, hard facts about small business, its characteristics, its training practices, its expenditure on training, it is important to be reminded in human terms of what these facts mean: Gail Austin, 1997 Telstra Australia business woman of the year, described what being a small business operator means:

> *. . . running a business is not a job—once you have a business you have three jobs without employing a single person: you need to complete the hours of two people and you need to manage these two jobs. Taking on an employee is actually your fourth job and you have to train that employee. Training is done on the run and on the job.*
>
> (Austin 1997, section 10)

The information in this section is derived from four sources:

- ABS 1998 *Small business in Australia 1997*
  The data in this publication is based on sample surveys.

- ABS 1997 *Employer training expenditure in Australia: July to September 1996*
  The data in this publication is collected from employers who actually provided structured training in the period July to September 1996.
- ABS 1998 *Employer training practices, Australia February 1997*
  The data in this publication presents the results of the 1997 training practices survey which collected information on the factors affecting the provision of structured and unstructured training by employers during the 12-month period ending February 1997.
- ABS 1997 *Characteristics of small business, Australia 1997*
  The data in this publication presents the results of the characteristics of small business survey which was conducted in February 1997.

Definitions, facts and figures

The commonly accepted definition of small business is that developed by the Australian Bureau of Statistics and it has two components to it: an organisational component and a size component. In terms of the organisational component, a business is small if:

- it is independently owned and operated
- it is closely controlled by owners/managers who contribute most, if not all, of the operating capital
- the owners/managers are the principal decision-makers in the business.

Fact:
In 1997 there were approximately 900 000 small non-agricultural businesses in operation: this represents about 89 per cent of total private sector businesses. There were about 104 000 small agricultural businesses.

In terms of number of employees, for non-manufacturing firms 'small' means employing less than 20 employees and for manufacturing it means employing less than 100 employees. For agricultural businesses number of employees is not part of the definition: the estimated value of agricultural operations is the key and for an agricultural business to be small, this is taken to be more than $22 500 but less than $400 000.

Fact:
In 1997 small business (non-agricultural) employed about 3.25 million people. This represents 40 per cent of the total workforce of 8.3 million and about 50 per cent of the total private sector workforce of 6.5 million.

Service providing industry accounted for about 70% of small business employment.

In 1997 agricultural small businesses employed about 255 000 people which represents about 74 per cent of the total agricultural workforce of 345 000.

There are three types of worker in small business:

- own-account workers who do not employ anyone
- employers
- employees

Fact:
In 1997

- 20 per cent of people working in small business were own-account workers
- 9 per cent people working in small business were employers
- 71 per cent people working in small business were employees

There were 1.3 million small business operators which included own-account workers, employers and working directors of incorporated companies.

Small business can be broken down into three types:

- non-employing micro-businesses
- micro-businesses which employ 1-4 people
- small businesses which employ 5-19 people

Fact:
In 1997

- 46 per cent of small businesses were non-employing
- 38 per cent employed 1-4 people
- 15 per cent employed 5-19 people

Thus

- 83 per cent of small businesses were micro-businesses (non-employing or employing less than 5 people)
- Micro-businesses employed 1.6 million people which represents:
  - 50 per cent total small business employment
  - 25 per cent of total private sector employment
  - 19 per cent of total employment

Small business also can be described in terms of

- whether or not it is home-based
- whether or not it is family owned

Fact:
In 1997 there were 493 000 home-based businesses which represents 58 per cent of all small businesses. 64 per cent of these businesses were non-employing.

There were 765 000 business operators working in home-based businesses (58 per cent of the total number of small business operators)

There were 482 000 small family businesses (57 per cent of all small businesses). 41 per cent of these family businesses were non-employing and a further 41 per cent had one to four employees.

There were 747 200 business operators running these family businesses (57 per cent of the total number of small business operators)

Small business can be described in terms of how long it has been in operation: less than one year, less than five years, less than ten years, more than ten years.

Fact:

- 10 per cent of small businesses have been in operation for less than a year
- 33 per cent have been in operation 1-5 years
- 23 per cent have been in operation 5-10 years
- 33 per cent have been in operation more than 10 years

Another way to describe the stages of life of a small business is in terms of its stages of development: some businesses are survivors—they have no plans for expansion, they provide the operator/operators with a living and that is all these operators intend for them to do. Other businesses that plan to expand and grow may do so in stages, seeking ultimately to expand into new products, new markets and exporting.

A profile of small business operators

In February 1997 there were an estimated 1.3 million business operators of 846 000 small businesses in Australia. The table provides some key facts about these operators:

Gender	Male: 65% Female: 35%
Age	Under 30: 10% 30-50 years: 64% 51 year and over: 26%
Qualifications	Had not completed highest year of school: 4% Completed highest year of school only: 37% Gained basic skilled/vocational qualification: 36 % Gained a degree/diploma: 27%
Businesses with at least one operator who had small business/management training	Non-employing businesses: 20% Businesses employing 1-4 people: 27% Businesses employing 5-19 people: 35%
Hours worked	69% worked over 35 hours per week (full-time); of the full-time operators, 62% worked between 35 and 50 hours each week, 31% worked between 51 and 75 hours each week and 7% worked more than 75 hours each week.
Ethnicity	Born overseas: 30%

Small business and VET perception of training

People understand the term 'training' to mean different things: Baker, Wooden and Kenyon (1996) state:

> *Training is generally understood to encompass the processes whereby individuals acquire skills and competencies to undertake various employment tasks.* (p. 3)

Most employers would agree with this definition: training is a general term to cover all the processes people use in order to gain competencies and the purpose is work.

However, is this the definition that people within the VET system widely ascribe to?

> *Since the coining of the phrase 'national training reform agenda' training for VET practitioners has really meant developing structured training arrangements leading to accredited outcomes. The recognition of prior learning is, however, the only apparent acknowledgment of the importance of skills acquired through other than structured or informal means.* (Baker, Wooden and Kenyon, 1996, p. 3)

Here the focus is narrower—training is structured, delivered, assessed, certified and this is the definition that is real to VET practitioners but not so to all those outside the VET system.

Hayton et al. 1996, in their research on enterprise training, use training to include all forms of skill formation activity relevant to the operation of the enterprise. It may

include formal and informal and on-site and off-site training and education. This research identified three types of factors that affect the demand for training:

- *training drivers* which are the factors within the enterprise that trigger training activity
- *environmental factors* which are conditions in the enterprise's operational environment which impact on the enterprise and tend to generate training drivers—for example, competitive pressure, changes in government regulations
- *mediating factors* within the enterprise which diminish or increase the amount of training activity—for example, organisation size and industry

This definition suggests that the value of training is based on the benefit to the operation of the business and is not driven by any desire or perceived need for a qualification. Is the culture of training a training culture driven by VET or an enterprise training culture? An enterprise training culture will be more appealing and real to many small businesses.

The training system has developed an infrastructure based on industry (that is, large employer) defined national standards, training packages, various modes of delivery, a competency-based approach to assessment and a framework of qualifications levels. A lot of these features have made training more attractive to clients including many small business clients, as witnessed by the rise in the number of traineeships and the number of industry bodies who are promoting traineeships in their industries for the first time such as transport, cleaning, furnishing and horse racing.

> *Structured, accredited on-the-job programs are the way ahead for small business, particularly where other training isn't available. The industry has spoken.*
>
> (media release from *Furnishing Training* 1998)

But for a lot of people in small business it does not matter how many features you add to this product—they simply do not need the product and are not interested in it. For those who do not need the product 'training', the acquisition of new skills, knowledge, experience, expertise as well as the development of further aptitudes and attitudes is still happening but it is happening outside of the formal training system. We acknowledge the role of informal training in the VET system but only as far as it contributes to formal structured training and the achievement of a qualification or certification of some sort.

In small businesses training means showing someone how to do a certain task on the job, it means demonstrating, coaching, advising, guiding, mentoring and providing information. This is real and happening in the workplace all the time—new skills, knowledge, aptitudes are being developed all the time in the workplace as the need arises and in order to improve business performance. It may be called training or it may simply be called work to those doing it—whatever it is called, people in small business are learning.

Small business generally tries to be self-sufficient and therefore it will train its own people as much as it can, it will seek advice and information from the networks and sources closest to it first and if these are unable to provide the information and

problem solving it needs, then it may go wider afield in its quest for more knowledge and skills. If we in the training system truly want to market our products to the small business sector then we have to look at offering a cluster of services to this sector and we have to link learning more clearly with business performance.

We should also remember who it is we are talking about—small business is people. These people may be:

- employers who employ fewer than 5 people
- employers who employ family members only
- employers who employ 6-19 people
- self-employed people who do not employ anyone but who may subcontract some work
- self-employed people who do not employ or subcontract
- employees who work in a family business
- employees who work in a business with 2 or 3 others
- employees who are part of a group of 6-19 workers

Employers will generally work long hours—35, 50, even 70 hours a week. Employees may be part time, casual or full time. All these people will have very different needs when it comes to acquiring skills and knowledge needed for work.

There are certain skills and knowledge that the small business operator and his/her staff can pass on to others—'training on the run'. There are certain skills and knowledge that the small business is prepared to buy in on a needs basis. There are occasions when a traineeship for a new or existing employee will be attractive to small business, particularly if it is offered on the job. There are occasions when an external course may be attractive. There are occasions when advice and information from an associate, family member, friend, customer, supplier, business adviser is sufficient.

While the research over the last ten years has told us that VET needs to move to a demand-driven system, VET is still predominantly offering the one product, structured, accredited training, which does not satisfy the needs of all these occasions. To truly meet the needs of small business we need to offer a range of services, not just training. In some ways we are already going down this path—the job of the VET teacher has changed dramatically and now can involve consulting with industry, conducting training needs analysis, offering a mentoring service to workplace supervisors, training trainers on the job, conducting workplace assessments. This list may need to expand to include providing business advisory service and participating in learning networks.

What features of VET are designed to suit small business?

Infrastructure to support small business

The VET system has been aware of the need to make training more relevant and attractive to small business and as a result has put in place a number of initiatives to make it easier for small business to employ and train a trainee or apprentice. These initiatives have also included financial incentives to employers who take on apprentices and trainees and, more recently, financial incentives to employers to undertake training themselves.

Most of the initiatives, such as the National Employment and Training Taskforce (NETTFORCE), New Apprenticeship Centres, the group training scheme, and flexible delivery which allows for traineeships to be offered entirely on the job, focus on making structured training more accessible and attractive to all employers, particularly small business employers. Small business management competency standards and a small business traineeship have also been developed. There are also plans for a training package for the small business sector.

NETTFORCE was established to encourage employers to make more jobs available to unemployed people and to increase entry-level training places. NETTFORCE established 25 industry training companies which developed or modified traineeships and had them accredited with the State and Territory recognition authorities. The aim of these companies was to make the process more simple for employers and to market traineeships to employers, particularly in industries which traditionally had no structured training available. In reality, many employers used the incentives offered to them and the traineeships on offer to provide training to existing employees.

Through NETTFORCE, traineeships could be offered on the job or a combination of on and off the job to suit the employer, with support and assistance being given to the employer/supervisor by training providers who would visit work sites and provide support and guidance as needed to those in charge of training the trainees. These providers would also assess the trainees throughout the traineeship. This support role for training providers was funded under the Traineeship Employer Assistance Program.

The expanded support for the group training scheme is another initiative which aimed at making new apprenticeships which includes traineeships more accessible to small business. Under the group training scheme, apprentices or trainees are employed by one company (the group training company) and they are continuously placed with other enterprises (host employers) for their on-the-job training. At present group training companies are working with more than 30 000 enterprises, 50 per cent of which have less than five employees. At the end of June 1997, group training companies employed over 23 000 apprentices and trainees. The Council of Small Business Associations of Australia and Group Training Australia have recently joined

forces to promote the benefits of employing apprentices and trainees to small businesses in Australia.

Other government initiatives include:

- Industry training advisory boards who are required to focus on small business training needs in the industry training plans that they produce each year.
- The development of the small business traineeship and numerous other traineeships which can include enterprise modules in the package of modules that make up the traineeship. These traineeships can be offered partially or entirely on the job.
- A web site (Training is the way! http://www.gov.au/arttrain/) devoted to providing information to small business about the value and benefit of training, the various training schemes that are available, where to go for assisance and advice and ideas about how small businesses can boost their bottom line through training.
- One-off incentives—for example, $500 training vouchers for small business operators to use at any training provider to get training in any area they feel they need training.

Professional development for small business

The Small Business Professional Development Best Practice Program which has been in operation since 1995 has developed a number of models for providing professional development to small business with the aim of making structured training a more attractive option for small business. It has, in essence, experimented with offering small business something other than structured training.

> *The 1996-97 program aimed to find ways to provide relevant quality professional development to small businesses to enable them to select appropriate training and to train their own staff.* (DEETYA 1998, p. 3)

Because the program funded a multitude of projects and encouraged innovative ideas, there were some projects which experimented with going beyond structured training and delivery and offered small business support services, thus seeking to work with small business in achieving its goals, rather than imposing VET goals on the small business.

The projects focussed on:

- improving the uptake of accredited entry-level training by creating networks to provide training-related support to small business
- improving general management skills
- examining innovative delivery approaches and technologies
- documenting approaches to delivery being trialled in remote communities

The models which led to some development of training cultures and practices within participants' businesses were:

- *The training practitioner development* models which created pools of qualified workplace trainers and assessors who were using their skills to recognise the skills of existing staff and to train new staff. This model was targeted at those small businesses which were ready for formal approaches to training and assessment.
- *The business management consultancy* model which selected professionals and industry personnel to be small business training advisers who worked with small groups or individual businesses to help them tackle business management issues and which could then lead to the development of training cultures in the businesses.
- *Co-operative general business management improvement* models which built on existing networks and used modified mentoring approaches.

Many of the professional development models appealed to small business operators because they offered solutions to business management issues and suggested ways to improve their bottom lines, not because they helped them to develop their own training regimes.

(DEETYA 1998, p. 22)

The co-operative model appealed to small business because it involved mentoring as well as opportunities to extend networks of useful contacts. It gave participants the opportunity to share as well as receive information and fulfilled the need of participants for social contact and self esteem as well as business management needs.

The value of such projects is to try out new ideas. Now the challenge is for training providers to take them up and put them into practice in their dealings with small business.

The VET system thus has adopted a number of measures which will contribute towards improving training provision and which may ultimately help the development of a training culture in small business. However, we know that there are many small business operators and employees who do not get involved in what the training system has to offer and for them the notion of a training culture is different. Hayton makes the point that:

Small firms do not simply have different levels of demand for training. At any given level of demand, they express their demand in characteristically different ways. It is these characteristic differences that need to be more carefully addressed in shaping public policies and practices. (Hayton et al. 1996, p. 9)

What does the research say about small business and a training/learning culture?

This section will cover the following topics from recent research on small business and its training practices:

- barriers to training
- the boundary between training and advice
- a learning culture
- what do small business employers say they want from VET
- action suggested by the research

Many of the conclusions drawn about small business in the research relate to those businesses which are dominated by meeting short-term and immediate business goals and are not yet at the stage of thinking and planning for the longer term.

In small business there is not widespread acceptance of the value and benefit of training and thus it is difficult for a training culture to evolve. Moreover, in small business, training and skills acquisition are not isolated activities done for their own sakes: they are usually part of a group of interventions, all done so as to improve business performance. The strategies other than structured training that small businesses use to gain the skills they need include:

- employing people with the right mix of skills, knowledge, experience, aptitudes
- informal learning on the job from each other, from suppliers, from customers, networks
- seeking advice from accountants, friends, family members, industry associations, networks

The development of a wider range of support, advisory and information services is what will benefit many small businesses most of all. This will create a better environment for a training and learning culture to develop. There is a cost of providing such services but given that the government invests about $3 billion on training each year, perhaps there are more creative and effective ways of investing some of this money to achieve outcomes which are good for small business operators and their employees and help them develop a training culture that suits them.

The environment that is conducive to a training and learning culture is one in which there are:

- benefits in the eyes of employers and managers of investing in training
- incentives such as those discussed by Robinson in chapter one
- triggers such as technological change, changes in management practices, quality assurance, availability of external training providers, regulations or awards
- positive experiences of training in the past

The importance of a training culture requires creative methods to be employed to promote training in new areas. The focus should be on creating incentives for employers to begin new training programs which are likely to be useful to them, and on ensuring that their experiences of these programs are positive enough to stimulate further demand.

(OTFE 1998, section 6.5)

Barriers to training

The fact that there are barriers to small business taking up training has been well established (Bureau of Industry Economics 1991; Coopers and Lybrand 1994; Karpin 1995; Baker and Wooden 1995). There are barriers related to:

- the features of the training—cost, quality, relevance, availability, content is too general, personnel offering the training lack small business experience, the training is not targeted on small business needs
- the features of the workforce itself—they have the skills required, they work part-time, turnover of staff is high, long work days, being isolated and self-employed, there are modest skill requirements, lack of formal training and management qualifications among small business operators
- the features of the small business itself—its stage of development, whether it is competing on the basis of quality and service or simply cost; the focus on short time horizons. There are also 'market imperfections' which are barriers—fear of staff being poached, minimum wages, ignorance of the true value of training, lack of training capability within the small business

Gibb (1997) in reviewing the literature on small business and VET notes that:

- small business is more concerned with red tape, finances, getting and keeping good staff
- small business recruits skills from outside
- employers seek attitude, commitment, enthusiasm, often before technical skills
- small business operators prefer to learn from own experiences, from support groups including family, peers and network members
- small business operators value training which is practical, hands-on, relevant to their business, timely, short, sharp, specific, inexpensive, accessible, delivered by credible people and which is aimed at helping the business develop

Many researchers have an answer to this question of why small businesses provide less training than larger size businesses:

- Baker, Wooden and Kenyon (1996) list the following:
  - concentration of jobs with low skill requirements in small business
  - cost and relevance to small business of training that is designed to be general, portable, transferable
  - small business managers have weak 'training capability', i.e. they lack an understanding of how to determine training needs, decide on appropriate training, set training objectives and train their staff

- small business is short-term in its planning—people in small business will leave their jobs in order to gain promotion. Thus high labour turnover reduces the incentive to invest in formal training for small firms

- NCVER (1998) quotes Kearns, who says training is seen a cost, not an investment, and that courses are too general and not sufficiently focussed on the practical problems of running a small business
- OTFE (1998) mentions the fear in small business that training means higher wages
- OTFE (1998) also draws attention to the fact that the commonly accepted drivers of training (increases in productivity, adoption of new work practices and introduction of new technology) may not be occurring in small businesses
- Childs et al. (1997) state that the attempts to develop a flexible workforce with portable work skills and the development of national standards and training packages is not relevant to small business because there are no trainers in small business and there is no down time
- Childs et al. (1997) found that small businesses did not respond favourably to training that equates learning with curricula, off-site learning and non-relevant learning (the product of educators)
- Catts (1996) found that a lack of information about training and negative experiences made small business reluctant to invest in training. Thus he suggests that positive experiences of training are the most effective spur to further training.

Training and advice

Small business does not have a homogenous set of features, as the ABS data has shown, and therefore small business has many different needs. It also has a need for something other than training and this is what we in the VET sector need to be clear about. The boundaries between many commonly accepted features of society have come under scrutiny during our lifetimes. In the education arena the boundary between school and vocational education is not as rigid as it was. In small business the boundary between training and information, advice, support is also being eroded as we have expanded what we mean by training and as we have adopted the practice of finding out from our customers—i.e. our employers and students—what it is that they want and giving it to them.

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> *The development of training markets is not simply about courses, nor is it simplistically about provider competition for accredited course provision, important though these remain. Rather it is about truly understanding the range of products and services requirements by small business, which I suspect are more reliant on open learning methodologies and which blur the historical distinctions between business advice and training.*
>
> (Schofield 1994, p.35)

Callus (1994) notes the reliance of small business on informal networks for information and ideas. Accountants are the single most influential source of information and ideas for small employers.

Still (1994) refers to the training needs of women in small business and how this training should be delivered. The research she quotes suggest women want advisers and coaches—but the cost of such personal one-to-one service is prohibitive. Most small business operators want sound practical advice, 'how to do it' courses; they can not spare time away from the business or do courses at night. Still's research confirms earlier research that found that women favoured coaches or advisers who would visit the business and assist them with their day-to-day operational and longer term strategic needs.

> *This advice needed to be tailored to the particular business and implemented immediately. This requirement rules out most training courses currently on the market. . .*
>
> (Still 1994, p.8)

OTFE (1998), when discussing the promotion of training, suggests that brokerage services may be of assistance, particularly for small business.

> *In this case, government would fund services which connected employers to training providers who could deliver the training they needed. Such an approach would need to be evaluated for its impact in increasing employers' investment and compared to other potential uses of resources, including direct subsidies for training.* (section 6)

The role of government is to encourage flexibility and ensure there are no unnecessary impediments to training. The role of the training provider is to ensure that those who decide to invest in training have a positive experience and want to come back for more. Another role for the training provider may be to offer a cluster of services to small business to help them in their business performance and indirectly introduce them to training, if the need arises.

A learning culture for small business

Both Field (1997) and Hager (1997) focus on learning in the workplace and argue that training traditionally undervalues this. Learning from experience is the most appropriate and efficient way to learn. Small business operators prefer to learn from experiences, their support groups, their family, peers and network members.

Field argues that what needs critical scrutiny is the conclusion that if only a limited amount of training is happening in small business, then there is very little learning taking place.

Field quotes literature that suggests that other associated firms are a particularly important source of learning, for example dominant customers, accounting and computing firms that give small businesses technical advice.

Field's research identified the following types of learning that occur in small business:

- working in other job areas
- helping employees learn to use computers
- participating in staff meetings and post-project briefings
- contributing to project work
- informal one-to-one coaching
- learning from suppliers' representatives
- being associated with other organisations
- previous experience of the owner in larger business
- much of the learning related to business tasks and problems

Field (1997) argues that there is not much research on small business learning—a better understanding of this is vital if we are to talk of developing a training culture.

In 1994 the Employment and Skills Formation Council identified a range of individual and organisational learning options. These included formation of networks, benchmarking, involvement of high potential small businesses as franchise providers to support knowledge transfer, establishment of databases, mentoring from experience, group training schemes and a consultancy to diagnose problems and offer advice.

Childs et al. (1997) report that small businesses were actively engaged in the process of workplace learning and organisational development and they argue funding should be focussed at regional level and for providers that have the demonstrated competence to conduct managed and process-oriented workplace learning programs focussed on organisational development rather than on the development of individual competencies.

> *Time-to-learn and contextually-developed solutions (which might include the development of individual competencies) and not 'training' show greater promise for small business development.* (Childs et al. 1997)

The authors go so far as to say:

> *we strongly suggest that training packages in text or CD-ROM not be identified as a strategy for small business workplace learning and these packages not be funded.* (Childs et al. 1997)

If we focus on learning, then we also focus on the link between learning and responsiveness to change. Kilpatrick and Bell (1998) mention the literature on learning organisations, which adapt and change as a result of interactive learning activities.

They state that better outcomes result when people use their knowledge and skills along with the knowledge and skills of others through interactions which use networks, shared values and the commitment of others to the group. Kilpatrick and Bell describe a group of small farm businesses who sought interactive learning opportunities outside the business with the objective of making changes in their businesses.

Kilpatrick and Bell suggest that the ability and willingness of group members to use the knowledge and skills of other members is made possible by a high level of personal self confidence of the individual members, well-developed interpersonal communication skills, knowing each other's strengths and weaknesses, shared values, seeing each other as credible sources of advice and support and commitment to the group as stages in developing a capacity to give and receive support in the change process. These meetings are structured to facilitate learning and lead to new practices for each participating farmer.

What do small business employers say they want from VET?

The OTFE (1997) study (which surveyed small employers and medium size employers) found employers would place greater value on VET if the following changes were made to training:

- more employer/enterprise involvement
- more on-the-job activity
- the use of industry premises to keep the training in tune with current technologies
- sharpening the small business focus of the content and developing an understanding of small business
- using programs that support learning on the job
- providing assistance to employers to monitor training progress and improve outcomes
- ensuring flexibility to adapt to the needs of both the enterprise and the individual

The OTFE study found that some employers involved in on-the-job traineeships indicated a need for assistance with the way they were implementing the training packages. 'This suggests a support role for on the job training provision.' (OTFE 1997, p. 12).

The OTFE (1997) study found that employers were not aware of the flexibility in the system—employers gave the impression to researchers in this study that VET providers mainly try to sell them courses.

> *There is an issue here about the degree of knowledge and understanding of system flexibility in meeting enterprise needs. Given the recent nature of policy changes for the VET sector, it may be that even providers are not fully aware of the possibilities.* (OTFE 1997, p. 13)

Employers consulted in the OTFE study stated they valued the following types of non-accredited training more than accredited training offered by the VET system:

- in-house formal training programs
- on-the-job supervised training
- training sessions on specific issues from private training consultants

- training provided by suppliers
- training from parent companies (franchises, manufacturers to product or service sellers)
- training delivered by various industry organisations

The reasons for preferring this type of training were because it was more relevant to their needs, more specific, more immediately transferable to work and it was delivered by trainers with more expertise.

This would suggest that small business employers have found an alternative to the product the VET system has to offer and they are using it. The training and learning culture does exist but it may not be the one the VET system has in mind.

> *What employers value about this training is the increased knowledge and skills of employees and subsequent increased performance (variously measured). They are not concerned with VET recognition. Nonetheless these forms of training are adding to the competencies of the workforce.* (OTFE 1997, p 38)

What action does the research suggest?

The research has concentrated on identifying why so many small businesses are not investing in training. More recent research has started to question the focus on training and made the point that learning is taking place in small business and we need to find out more about how people in small business learn and what it is they are learning. Moreover, the training system could help nurture training cultures by offering services other than structured and flexible delivery of training.

NCVER (1998) in its *Research at a glance* suggests the following:

- encourage more providers to become involved in the small business networks
- encourage more providers to establish close links with the small businesses in their locality and in their industry—work placement schemes have lead to small businesses wanting different range of services from the providers they come in contact with through these schemes.
- develop knowledge of training options in accountants, solicitors, bank managers
- encourage providers to let the learning processes used by small business drive the system
- give small business accurate information about the training system and what it has to offer: this has to be done through many channels—not just industry training advisory boards, industry associations, training providers but schools, careers advice, national communication strategy

The research suggests a number of models which offer avenues for VET to expand its services to small business and make what it has to offer relevant to small business. These include:

- *franchise company accredited-training* model—which suggests providers could make similar arrangements for groups of enterprises in the same industry—

providers would work with the enterprises as a group to provide training arrangements more specific to the enterprise (OTFE 1997).

- *developing further the on-the-job traineeship*—which makes it possible to deliver accredited training in a continuum from entirely on the job to various balances of on and off the job. However in order for fully on-the-job traineeships to be successful, there is a need for the training provider to provide on-going support and mentoring to the workplace trainer.

  > *What this may require is more attention to packaging of modules of training that can be delivered in the workplace. It may also mean providing training services that support the delivery by this mode, such as assisting employers to develop training and assessing skills, provision of assessment and diagnostic services and general advice and guidance.* (OTFE 1997, p. 39)

- *fostering learning partnerships and 'pooled' competence* (Childs et al. 1997)—which has the explicit intention of locating expertise in all the small business owners taking part in the learning network as well as the trainer or officer who is there to help them with their business development. The focus of these learning partnerships is organisational development rather than development of individual competencies. This model has similarities with the one suggested by Kilpatrick and Bell (1998), which is based on the experience of farm businesses who learn together in order to improve business performance
- *using the models that were judged to be effective* as a result of the small business professional development best practice project

Conclusion

The theme throughout this paper has been that small business is learning and acquiring competencies by means outside the VET system and, therefore, there is a culture of learning and training out there in small business. Hager (1997) states the view that informal workplace learning has been undervalued in VET: is there a danger that it will be undervalued if our vision is to build a training culture?

Is the lesson that we can glean from small business the fact that we should be building on what happens naturally in the workplace and therefore a learning culture is what we should really be talking about? I would argue that a training culture will be a by product of a commitment by all Australians to learning. Perhaps what the training system should be doing is focusing its efforts not just on training but also on promoting the benefits of seeking recognition for learning and competencies gained informally in the workplace.

There is, of course, small business training activity within the VET system in the form of traineeships and apprenticeships which are now more accessible and relevant to small business thanks to developments such as flexible delivery, user choice and group training schemes. However, there is a tension between the value small business places on the training and learning that is undertaken to gain a VET qualification as opposed to the development of skills, knowledge and attitudes for use at work.

If we in the VET system devote our energies solely to the development of a training culture which focusses on the delivery of structured training leading to a qualification, we will miss opportunities to provide the small business sector with the support and cluster of services it needs and we will be irrelevant to its needs.

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Research and a training culture: implications for large and small businesses

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Abstract

This paper focusses on the idea of a training culture at the enterprise level. Drawing on Australian case studies, research evidence from the USA, Europe and a major national survey, the key elements in the business that form the building blocks of an enterprise training culture are examined in this paper. The input of industry type, enterprise size and workplace are discussed. Based on this information, the implications for enterprises and training providers are then drawn out.

Introduction: Why we need a 'training culture'

WHEN WE COME to look at what is involved in a 'training culture', we become aware that some firms and some countries have adopted a training culture and some have not. Some are able to pursue strategies involving innovation and high levels of skill, whilst others have not. This phenomenon has been described by Finegold (1991) in terms of a 'high-skills equilibrium' and a 'low-skills equilibrium', in both of which there is assumed to be considerable interaction between decisions made by governments, managers in enterprises, and individuals.

In the scenario described as a 'low-skills equilibrium', policy makers pursue an extreme free-market ideology and do not intervene in skill formation. They also see expenditure on skill formation to be akin to spending money on other social services, rather than an investment. Individuals do not see any advantage in training, attaching a greater priority to higher current earnings. And managers choose not to invest in training for many reasons, including a fear of poaching and the longer-term payback period of training benefits. The result is a situation in which any one player is unlikely to be able to bring about changes.

In a high-skills equilibrium, public policy on investment in training is driven by an understanding for the need for high-skill production to be underpinned by training.

Managers see the picture in a similar way, with a need for companies to adapt in order to survive and see that their ability to respond is related to the skills of their workforce. Individuals see increased job satisfaction and higher future wages as a driver for them to be involved in training.

The point about both these extreme scenarios is that changes from a low-skills to a high-skills equilibrium need to occur among all parties in order to result in a stable change: changing, for example, training arrangements alone will not achieve this.

Enterprise training in Australia

In two recent major projects, in which we carried out several dozen case studies and a national survey of 1700 enterprises, we found that three factors account for much of the variation in enterprise training, far ahead of any other factors (Hayton et al. 1996, Roberts et al. 1995):

- size of enterprise
- industry sector
- workplace change

In this paper I report the results of this research and suggest some implications for enterprises, training providers and government policy.

The effect of size on training

Smaller enterprises not only carry out less training but are less involved in all aspects of training:

- *Less training*
  A lower percentage of payroll is spent on training and a lower proportion of the workforce undertakes training.
- *Less diverse training*
  Small enterprises have a narrower range of training activities.

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- *Less formal training*
  Smaller enterprises have tended to use less formal and systematic approaches to training than larger enterprises. Thus, larger enterprises tend to have training facilities, training specialists, formal evaluation of training, systematic needs analyses, training manuals; whereas smaller ones tend to have less formal arrangements.
- *Less use of external training*
  Smaller enterprises make less use of external training providers—universities, Technical and Further Education (TAFE) institutes, adult and community education providers and private providers—and also have less close relationships with training providers. In many cases they complained that they felt isolated from the training networks of public and private providers and did not know where to turn for help in mounting training programs.

- *Less engagement with national training reform*
  Smaller enterprises are less likely to be engaged with some of the national training reforms such as the use of national competency standards, the use of enterprise competency standards, the accreditation of their in-house training, arranging apprenticeships or traineeships.

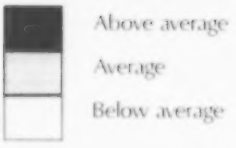
The most obvious reason for these differences relates to the factors that drive (or do not drive) enterprises of different sizes to invest in training. Field (1998) points out that small enterprises have fewer 'drivers' of training. As a result of this, small enterprises are likely to have fewer resources (such as training specialists and training facilities) that may be devoted to the training effort. They also do not enjoy the economies of scale of large enterprises with regard to mounting formal internal training programs and they lack a number of features found in large enterprises that promote both formal internal and external training.

All these features broadly relate to the economy of scale of the enterprise. Small enterprises do not have a wide range of positions and specialisations in their job structures, and so lack internal labour markets. This means there is little incentive for employees to engage in formal internal non-accredited training.

A complicating factor is that training in small business is often 'in hiding': subsumed under other activities that are not commonly recognised as training. In large organisations formal training becomes necessary to enable groups of employees to get together from time to time to enhance communications and solve problems. In small business, these communication and problem solving activities take place on an everyday basis as groups of employees work together or meet informally to solve problems.

The effect on training of the nature of the industry

The nature of the industry ranks with size as being very highly correlated with the extent and nature of training. The table below shows the way in which industries differ with respect to six training-related factors.



	Construction	Equipment mfg	Food & bev mfg	Finance & insurance	Retail
Volume					
Diversity					
Training reform engagement					
External providers					
Formalisation					
Individual					

Results are given in the table for the six sectors studied. For example, in the machinery manufacture sector there is a higher diversity of training, greater training reform engagement, more reliance on external training, less formalisation and more individualisation than in the average of all six sectors.

Arrangements vary quite considerably from industry to industry, often for historical reasons. For example, entry-level training for the banking and insurance industry sector relies, and always has relied, mainly on in-house training, university and TAFE education. This stands in contrast to the construction-industry sector which has traditionally relied very strongly on trade-apprenticeship training.

The effect of workplace change

Enterprises undergoing greater changes to the workplace have greater diversity, more volume, more use of national reforms, more reliance on external training and greater formalisation of training. The extent and pace of workplace change varies between industries and between enterprises within industries. This also affects the type of training provision that is made to support the introduction of change processes.

As an example, the food processing industry has adopted a national process for improving training provisions for shop-floor employees based on industry competency standards in the Certificate of Food Processing. The training in the certificate is predicated on the move towards greater teamwork in the workplace and hence the importance of generic, behavioural skills training in the curriculum. In another sector, a major building society viewed training as an essential underpinning factor for the transformation of the old building society culture into that of a retail bank.

Who makes decisions about training?

Our case studies revealed a wide range of approaches to training decision-making. For medium and large organisations, decision-making is complex in many cases, with training decisions (including planning, content and expenditure) being made at two or more levels, including the individual, his or her supervisor and senior management. Sometimes a training committee also makes decisions-in some enterprises the training committee manages the training function, while in others the committee develops a framework for training but the training function itself is managed either by line managers or through a specialist training department.

Approaches ranging from the least systematic to the most systematic, include the following:

- supervisors informally assess employee needs and organise training (82%)
- employees identify own needs and negotiate with supervisor (62%)
- supervisors nominate who attends listed courses (51%)
- each employee is formally assessed and a training plan prepared (42%)
- employees nominate training from course list (25%)

In some cases, particularly in the finance and insurance industry sector, enterprises had provided a context for the individual identification of training needs. Usually this was in the form of a career development framework or a performance appraisal system. Career development frameworks tended to cover most or all employees, whereas performance appraisal systems tended to cover only management staff in the cases studied.

Large enterprises, however, often have greater differences in points of view than small or medium-sized enterprises, with the splitting of training decision-making between senior managers and middle or line managers sometimes leading to problems of conflicting priorities. While senior managers may strongly promote training and

allocate resources to training in the enterprise, middle or line managers often find that training programs conflict with service or production scheduling requirements and they are reluctant to release key workers for training where it disrupts service or production schedules. In smaller enterprises this problem is obvious, but many of the larger enterprises, especially those where there have been recent reductions in the size of the workforce, also face this problem. The outcome is that key staff often miss important training programs despite the strong commitment of senior managers to such programs.

What is most interesting in the above results is the extent to which individuals make decisions on their own training: in a quarter of the companies surveyed, some of the training occurs by employees selecting from a list of available courses and in almost two-thirds, employees identify their own needs and then negotiate with a supervisor.

What does this mean for training providers?

Earlier I said that small firms use a narrower range of types of training, they make less use of explicit competency standards, they engage in less formal training and they are less likely to be registered as an accredited training provider.

'A poor fit'

All the above are likely to be a matter of a 'poor fit' between what is on offer and what is needed. Small firms do not simply have different levels of demand for training. At any given level of demand they express their demand in characteristically different ways. It is these characteristic differences that need to be more carefully addressed in shaping public policies and practices.

Links with local worksite are as effective as links at higher level

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Our research suggests that in most cases outcomes will be just as effective when linking with enterprises at the level of the local worksite as when linking with them at the national, State or organisational level. The local worksites of large organisations often have a fair degree of discretion in determining their training needs and how these will be responded to. This suggests that training providers could increase their focus upon the needs of local worksites, whether or not these are constituent parts of large organisations.

Need for reforms to institutional arrangements

Our research suggests that improvement to the quantity and quality of enterprises' skill formation practices will not flow simply from changes in the external economic

and labour market environment within which they operate, nor simply from their own internal workplace reforms. Reforms to institutional arrangements for the provision and regulation of vocational education and training, such as the wider provision of recognised programs for operative workers, are also important.

Artificial distinction between needs of individuals and of the enterprise

We have found that a distinction between the needs of the individual and the needs of the enterprise can be quite artificial—even when looking at enterprise demand for training. Many enterprises quite deliberately vest considerable responsibility in the individual to select their own training. Within their own internal mechanisms many enterprises appear to translate demand into supply by relying upon individual employees' knowledge of their own needs and preferences, rather than by relying upon centralised employer assessment of needs.

These findings point to a need for vocational education and training providers to develop effective mechanisms to determine individuals' training needs, even in cases where their principal concern is the needs of the enterprise.

Small businesses do not think about 'training'

Small businesses do not place a high priority on *structured* training, tend not to have a specific training budget and are unlikely to see existing TAFE programs as offering solutions to their training needs. Some training providers seem to adopt a logic along the following lines, described by Field (1998): small businesses is important ➔ but many of them founder ➔ there's a lack of training in small business ➔ but managers are resistant to undertake or support training ➔ so the biggest challenge is to repackage programs and modify delivery arrangements to increase demand.

I would challenge this logic and emphasise the need for training providers to think about how small businesses gain expertise. Our research shows that considerable learning occurs within small businesses but it occurs through such activities as discussions with product representatives, through employee turnover, through periods of crisis (rapid expansion, loss of dominant customers), through technological advances and through takeovers.

These multiple ways in which learning occurs suggest that the responses of training providers need to be very different from traditional approaches.

What does this mean for enterprises?

Our research showed that many of the enterprises had experienced workplace change of the following kind:

- all levels of staff have experienced change in their range of tasks
- decision-making has become decentralised
- there has been an increased emphasis upon teamwork
- internal communication has been improved

These enterprises are likely to spend more on training and to have more staff participate in training. They also have a richer mix of training responses than firms that have experienced a less dynamic operating environment.

The firms that report having experienced the greatest rates of workplace change are among the most likely to draw upon the resources of public, private and community based external providers. They are also more likely to formalise and evaluate their training effort.

These findings provide strong empirical support for the propositions that:

- the ongoing pace of workplace change, the increase in the competitiveness of Australia's business environment, and the globalisation of the Australian economy will result in ongoing growth in the size and diversity of the Australian training market.
- ongoing workplace change (assuming it is of the above kind) in Australia is likely to lead to an increase in the quality and diversity of firms' internal training and development strategies and to an increasing interaction between firms and a range of public, private and community based providers of learning.

What does this mean for governments?

No such thing as an 'employer attitude'

As a function of the industry to which they belong, firms characteristically differ in:

- their reliance upon external training
- their reliance upon accredited and regulated training qualifications
- their engagement with public competency standards and training regulation arrangements
- the range and variety of training methods that they adopt
- the extent to which they formalise their internal training processes

It is self-evident that there is no such thing as an 'employer attitude' or an 'industry view', and it is important for governments to bear in mind this diversity when framing policy.

Differences in the extent of capturing public agendas and arrangements

Industries, and the occupations that are differentially distributed across them, differ significantly in the extent to which they have been able to capture public agendas and public arrangements for the provision and regulation of training. Results of the study suggest that variation between different industries in the institutional arrangements for vocational education and training influences the level and character of training within particular enterprises. This reinforces much of the impetus for recent reforms to vocational education and training aimed at ensuring a fairer and more efficient use of public resources by different industries and occupational groups.

Need for reforms to institutional arrangements

The study's results imply that improvement to the quantity and quality of enterprises' skill formation practices will not flow simply from changes in the external economic and labour market environment within which they operate, nor simply from their own internal workplace reforms. Reforms to institutional arrangements for the provision and regulation of vocational education and training, such as the wider provision of recognised programs for operative workers, are also important.

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The elements of a training culture

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Abstract

This paper explores the notion of an enterprise training culture. Some recent statistics have suggested that the volume of training in Australian enterprises might be dropping. The concept of training culture is being used by education and training authorities to encourage the rebuilding of enterprise commitment to training. The paper draws on qualitative evidence from recent studies of training in Australian enterprises to suggest the major elements that might constitute a training culture at the enterprise level.

Introduction

POLICY MAKERS ARE currently concerned with the implications of Australian Bureau of Statistics (ABS) statistics, which show that the level of expenditure on training amongst Australian enterprises is dropping. Training expenditure figures for 1996 (ABS 1997) show that since 1993, average training expenditure has dropped from 2.9 per cent of payroll to 2.3 per cent. The drop has occurred across most industry categories and in both the public and private sectors. In absolute terms, average expenditure per head has decreased marginally from $191 to $186 and the average number of hours spent in training from 5.6 to 4.9. These seemingly disappointing figures have led the Australian National Training Authority to introduce the concept of the 'Training Culture' as a central plank of the new VET strategy for 1998-2003 (ANTA 1998). The key role of enterprises in lifting their investment in training is spelt out as the first of four objectives under the aegis of the training culture in the strategy document:

> *To improve industry attitudes and commitment to training, with leadership by industry being essential.* (ANTA 1998, p. 17)

However, the underlying assumption that Australian industry has reduced its level of commitment to training, implied by the ABS data, conflicts with other, qualitative evidence produced in recent years in Australia. Research by the Group for Research in Employment and Training (GREAT) at Charles Sturt University and the Research Centre for Vocational Education and Training (RCVET) at the University of Technology, Sydney, has shown how many Australian enterprises are improving their investment in training and are developing new and innovative ways of skilling their workforces (Smith et al. 1995; Hayton et al. 1996). This case study-based research reports examples of Australian enterprises that have vested the responsibility for the development of employees with their line managers and held them accountable to that objective through regular appraisals; small businesses in which employees voluntarily stay behind after hours to receive training in new products and retailing techniques; and high tech, start-up companies that have formed training networks in order to source their training requirements collectively or in partnership with selected training providers in any part of Australia. These qualitative descriptions provide compelling examples of organisational cultures in which training plays a major role.

The GREAT/RCVET research examined the factors that affect the training decisions of Australian enterprises. The model of training decision-making that subsequently emerged from the research provides the most important evidence in Australian VET research on the key elements that comprise a culture of training at the enterprise level. There are five major elements:

- relationship of training to the business strategy
- workplace innovation
- employee relations climate
- attitudes of managers towards training
- industry traditions of training

Training and business strategy

The link between training and business strategy was originally investigated by Pettigrew and his colleagues at the Centre for Corporate Strategy and Change at Warwick University in the mid 1980s (Pettigrew, Sparrow and Hendry 1989). In their model, the trigger for training was provided by a skills gap that related to the proposed business strategy of the enterprise. The subsequent literature on the place of human resource management in business strategy has consistently identified the importance of training to attracting, retaining and developing employees as a means of enhancing the core competencies of the enterprise (Boxall 1996). The GREAT/RCVET research confirmed the importance of relating training to the business strategy of the enterprise. One manufacturing enterprise in the study had based its strategy on exporting products to the SE Asia area. In order to do this effectively, the enterprise needed to both reduce the costs of its operation in Australia and ensure the quality of its products. To meet the cost requirements the enterprise employed a purely casual shop floor workforce, paid by the hour, that could be brought in or laid off quickly as demand varied. However, in

order to ensure the quality performance of a casual workforce, the enterprise had to use training in a strategic manner. This enterprise had developed a comprehensive structured training program for all shop floor employees that ensured that they were able to build the products to the quality standards demanded by the export markets.

However, examples such as this of a tight fit between strategy and training were rare in the case studies. More common were the many cases in which enterprises had yet to define a clear business strategy. At best, most of the enterprises in the sample had a vaguely defined or 'emergent' business strategy (Mintzberg 1994). Many were coming to grips with the implications of domestic de-regulation and the disappearance of tariff barriers for the first time in their corporate history and were only beginning to realise the necessity for long-range planning and strategy formulation. Nor was it the case that the link between training and business strategy was confined to the large enterprises in the study. In many cases it was the smaller enterprises that had the clearest perception of their business strategy, the markets that they were competing in and the skills that they required in order to be successful. In these cases, a combination of strategic vision and severe resource constraints produced some of the most innovative approaches to training in the study.

Workplace innovation

Human capital theory stresses the importance of training in enhancing workforce adaptability to change (Bartel and Lichtenberg 1987). Studies carried out in Europe by the OECD/CERI (1986, 1988) and the National Institute for Social and Economic Research (Steedman 1993) have also highlighted the important nexus between skill, technology and work organisation in modern enterprises. More recently, studies into the emergence of the high performance organisation in the USA have highlighted the interaction between technology and new forms of work organisation, particularly those associated with 'lean production' (Osterman 1995, MacDuffie and Kochan 1995). These studies have emphasised the significance of the 'bundling' of work practices, human resource policies and the introduction of new forms of technology to the realisation of higher levels of productivity and quality in organisations.

The case studies confirmed the significance of the technology-work organisation nexus to the development of skills and increasing the provision of training. Innovation in technology and in work organisation were clearly the most important drivers of training effort in the enterprises in the study. Nearly all the enterprises were investing in some form of new technology. However, as MacDuffie and Kochan (1995) have pointed out, technology is not of itself a major driver of training effort in enterprises. In most of the case study enterprises, technology triggered the provision of greater levels of technical training to employees. However, this technical training was often simple and confined to the transmission of knowledge about how to operate and perform basic maintenance on new machinery and equipment. In some cases, particularly in the multinational subsidiaries in the study, this demand for technical training had led to the internationalisation of training with enterprises sending their employees, at all levels, to

the overseas premises of equipment manufacturers (vendors) or to their own headquarters in order to facilitate technology transfer. Nevertheless, the training evoked by the introduction of new technology remained at a basic level.

More important to the overall development of skill levels in the workforces of the case study enterprises was the training associated with the new forms of work organisation. As Osterman (1995) has shown in the USA, new forms of work organisation lead to a demand for general, behavioural skills such as problem solving, teamworking and communication skills. This is interesting as it runs counter to the prediction of orthodox human capital theory that employers will not pay for the development of general, transferable skills for fear of poaching and a consequent inability to realise their investments in training (Becker 1976). This emphasis on the importance of behavioural skills was reflected in the case study enterprises. Thus, one large retailing enterprise had dramatically decreased the number of managers in its stores as part of an overall rationalisation of management structures following a number of years of poor trading results. Shop floor employees were formed into teams with a floor manager facilitating a number of teams across different departments. The day-to-day management of the retailing operation in the stores had been devolved to the teams. Floor managers were no longer decision-makers but team facilitators whose most important role was clearly the development of the employees in the teams so that they could manage the operations of the store. Most the skills that these floor manager 'coaches' were developing were the behavioural skills of communication, customer orientation and teamworking. In similar vein, a new, regional bank was concerned with changing the culture of the enterprise from that of building society to one of retail bank. This involved the extensive training of staff in the new 'values' of the bank and in the transmission of those values to customers in order to generate customer loyalty to the new institution. Training in behavioural skills was a key element in the change of corporate culture in this enterprise.

Employee relations climate

The OECD/CERI studies in the mid 1980s (OECD/CERI 1986, 1988) showed that the internal industrial relations climate within an enterprise was linked to the level of training provision and that a participative industrial relations style was required in order to generate employee trust if training was to be successful. More recently writers in the post-Fordist tradition have argued that the introduction of more participative forms of work organisation require a higher level of commitment from employees and the abandonment of traditional adversarial styles of industrial relations (Mathews 1993). Training is important in this context as it provides an area of common ground between employers and unions in which consensus can be reached. However, the consensual nature of training may be illusory as enterprises often have to be persuaded to invest in training (Stuart 1996) or managers may use training as a means of manipulating employees into surrendering their tacit knowledge and skills (Heyes 1995).

The case studies provided examples of range of industrial relations climates. As predicted by the OECD/CERI studies, those enterprises with a history of disputation and a low level of trust between managers and unions were not high investors in training. In these enterprises the focus of managers was on asserting management rights, often in a confrontational way. In these circumstances, employees did not trust the motives of management who might wish to implement training policies. Bearing out Stuart's (1996) findings, training became another area of contention and little progress was made as training issues became inextricably bound up with other aspects of the collective employment relationship such as wages and working conditions. Other enterprises enjoyed very close and consultative relationships with unions and employees. Unexpectedly, however, the research showed that these enterprises were not necessarily characterised by a high level of training and development of employees. In these enterprises, the focus of management was on preserving good relations with the unions. This often involved quite elaborate and time-consuming arrangements for employee consultation—consultative committees. In these cases, training was also subsumed into the industrial relations agenda with enterprises convening training committees to discuss and negotiate the implementation of training initiatives. Here again, the focus on the individual employee was obscured by management concern with preserving the collective aspects of the employment relationship. Those enterprises that demonstrated the greatest commitment to training were those in which industrial relations was on a steady but constructive footing. Management and unions trusted each other within what has been referred to as a 'constitutional' framework (Purcell and Gray 1986). Issues of industrial relations were predictable and managers were free to focus their attention on the development of individual employees. In this steady and predictable employee relations climate, the focus on the individual enabled a culture of training and employee development to be maintained.

Management attitudes towards training

It has become something of a truism in the training literature that management 'commitment' is required before training can be implemented effectively in organisations (Field and Ford 1995). However, as Finegold and others have shown, the nature of the financial markets in the English-speaking world has produced a culture in which short-term financial results are very important to managers at all levels in enterprises (Finegold 1991, Karpin 1995). This often determines the daily procedures within which managers have to operate; for example, capital budgeting, in which the enterprise will judge the merits of a proposal to invest on the basis of very short pay-back periods often in the realm of months rather than years.

The overwhelming attitude amongst managers in the case study enterprises reflected this short term orientation favouring short, sharp training programs aimed at meeting specific and measurable training needs. Nevertheless, the level of management commitment to training varied within enterprises as much as between enterprises. In all of the case study enterprises there was a noticeable difference between the rhetoric about training employed by senior managers and that of

managers further down the hierarchy. Senior managers would tend to display a high commitment to the importance of training and the importance to the enterprise of creating a more highly skilled workforce. Middle and junior managers, on the other hand, were usually more sceptical. For them training had to have immediate tangible results. In one manufacturing enterprise, a subsidiary of a German multinational, the senior management team was unequivocal in its commitment to the importance of training to the future success and prosperity of the enterprise. The managing director realised that the long-term competitive advantage of the enterprise lay not in the new technologies or even the development of new products, both of which could eventually be copied by competitors but in the acquisition or development of 'skills sets' which would give the enterprise a unique advantage. This policy involved both employing key groups of skilled employees (through the acquisition of smaller, specialised firms) and the development of unique capabilities in-house through extensive training. However, this commitment to training was not shared by managers at lower levels in the same enterprise. Middle and junior managers had to deal with the difficulties involved in releasing employees for training and bearing the costs involved in lower productivity as a result. These attitudes at operational management levels in the enterprise tended to frustrate and subvert senior managers' stated aim to build the skills base of the workforce.

This bears out Finegold's (1991) views that the short-term orientation of managers in English-speaking countries will impact on their attitudes to training. Although the attitudes of senior managers tend to be broader and more future-oriented, middle and junior managers are traditionally measured on their ability to meet very short-term targets such as output, quality and productivity. Yet it is at this level that the problems posed by releasing employees for training are most acutely felt. It is not surprising that the middle or junior manager should want some tangible result for the difficulties posed by implementing extensive training programs for employees.

Industry traditions of training

One clear result from the study was the great difference between industries in their approach to training. These industry traditions of training have been formed over many years, sometimes centuries and exert a profound influence on training arrangements within enterprises in the industry. Thus, construction enterprises tend to be heavily committed to the apprenticeship system as the major form of training in the industry. On the other hand, in the electronics industry, it is engineering and technical excellence which drives many of the training initiatives found in the individual enterprises. Industries and industry bodies can have a significant influence on the training culture found in enterprises. The food processing industry provided a good example in the study of an industry that had consciously set out to improve the overall level of training at the enterprise level. Many of the food processing enterprises examined in this study had a tradition of very low levels of training. Many, however, were involved in the implementation of the food processing certificate which provided for extensive training for all employees, particularly at the operational level. The role

of the industry training bodies in this turnaround of a low culture of training cannot be overstated. Where industries are moving towards improving their training arrangements, the commitment of individual enterprises to training is likely to grow, providing fertile ground for the establishment of a training culture.

Establishing a training culture

This paper has drawn on the lessons learned form an intensive study of training in 42 Australian enterprises. Whilst it is problematic to attempt a definition of a training culture at the enterprise level, there are a number of key elements that need to be present in order for a training culture to emerge and thrive.

- *Strategic alignment*. Ultimately, if training is to play a major role in the enterprise, it has to be closely linked to the business strategy. In Australian enterprises this is an unusual occurrence, partly because many Australian enterprises do not have a clear business strategy. However, in enterprises where a business strategy exists, training may become central to the operation of the enterprise through its role in the implementation of the strategy. The role of strategy in embedding training in the enterprise is perhaps the most important element in establishing and maintaining a training culture.
- *Enterprise workplace innovation*. Although it is often observed that the introduction of new technology provides a spur to training, it is changes to work organisation that highlight the importance of training to the enterprise. In recent years few Australian workplaces have escaped sweeping organisational change and it is in supporting these changes that training can become a central feature of new organisational cultures.
- *Steady and predictable employee relations*. The focus of managers needs to be on the individual for a training culture to subsist in an enterprise. The Australian obsession with formal industrial relations tends to obscure the individual in favour of a focus on the collective aspects of the employment relationship. It is a concern with the development of individual employees that forms the foundation of an enterprise training culture.
- *Positive management attitudes*. Although it is truism that management attitudes need to value training in order for training culture to exist, there is a danger that we may treat management at the enterprise level as a monolithic block. In fact, as studies of organisational politics have conclusively demonstrated, management is riven by differences of attitude and opinion. In the development of a training culture, the gap between senior management commitment to training and lower level management scepticism and reluctance needs to be addressed through the formation of a positive coalition of management interests which value the place of training in the enterprise.
- *Supportive industry arrangements*. No enterprise is an island. External forces for change are often more powerful than internal factors. The success of many Australian industries in establishing industry training arrangements to which individual enterprises can subscribe shows how the right forms of industry based intervention can help to create a training culture at the enterprise level.

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Individual and enterprise investment in learning in a rapidly changing economy

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Abstract

The research in this paper was undertaken by the Centre for the Economics of Education and Training (CEET) to examine factors that inhibit or promote investment in learning. The context is the rapidly changing economy with a number of features that increase the need for ongoing learning but reduce the likelihood of it being accessed, e.g. casualisation of employment. Individual access to learning opportunities is associated with family income, family background, and student finance. The attraction of post-school education and training is related to the likely costs and returns. Student satisfaction with courses and knowledge of the available opportunities for study and employment affect perceptions of costs and returns. Surveys of employers show a number of features that shape training provision. Large employers and leading edge companies provide more and different forms of training. Employers have less chance of recovering their investment in training for casual or part-time workers or where turnover is high. Changes in expenditure are related to workplace change, to technological change and to quality assurance. Contrary to standard economic theory, employers do provide and finance general training. Some evidence suggests that employers' per capita expenditure on training has fallen in recent years. The reasons for this are considered. CEET's research has considered some of the recent reforms for increasing access of young people to learning, particularly the shifting boundaries for the delivery of entry-level training.

Introduction

KNOWLEDGE AND SKILLS are key determinants of individual and enterprise economic success, and are likely to become even more important as the pace of economic and social change quickens. This paper draws on research by CEET and other groups to examine the factors that promote and inhibit investment in learning by individuals and enterprises. These factors are important not only for reasons of *efficiency*—to ensure that the level of investment is sufficient to meet the need for new knowledge and skills—but also for reasons of *equity*. It is well established that

individuals and enterprises differ markedly in the investments they make in education and training. A better understanding of the factors shaping these investments can assist policy development aimed at ensuring that the benefits from further learning are equitably distributed throughout society.

The paper commences by outlining some of the key trends in the Australian economy and labour force that shape the demand for, and access to, learning opportunities. The analysis then considers the factors that influence investment in training at the enterprise level. The third section of the paper takes an even more micro-level perspective, and examines the factors associated with participation by individuals in post-school education and training. A key finding is that those who complete Year 12 participate to a much greater extent in further education and training than those who do not. Accordingly, the final section of the paper discusses one of the major policy initiatives designed lift school completion rates—strengthening vocational education and training (VET) in schools.

Macro-economic trends and investment in education and training

The Australian economy has undergone major changes in the last decade, and there are indications that the pace of change will accelerate. Australia has experienced faster economic growth during the 1990s than most other Organisation for Economic Cooperation and Development (OECD) countries, and has increased its rate of productivity growth in recent years. This successful aggregate outcome has occurred along with increasing internal deregulation, privatisation, and exposure to international forces. Considerable shifts in patterns of employment, joblessness and income distribution have accompanied these changes. Some of these changes—such as the rise in skilled employment—increase the demand for investment in further education and training learning, while others—the growth in part-time work and casual employment, for example—raise concerns about the incentives for people to undertake the necessary investment. While there are strong forces that increase the need for more education and training, a number of the structural changes are likely to make some individuals and enterprises less likely to undertake or fund learning investments, thereby putting increased pressure on government resources.

Trends indicating a rising demand for education and training

Between 1990 and 1996 Australia averaged three per cent annual growth in real GDP compared to two per cent for OECD countries as a whole (OECD 1997). Despite the current Asian economic crisis, Australian economic growth has held up well, although growth in the next few years is likely to be lower than in the recent past. In broad terms, the relatively strong economic growth experienced by Australia is likely to have increased the rate of demand for education and training.

However, employment growth in Australia has been only modest during the 1990s. Table 1 shows employment and productivity growth from 1990 by major industry sector. Employment growth was only about 1 per cent per annum, though this disguises the fall in the recession of the early 1990s and the later recovery. Productivity has grown by about 1.3 per cent per annum during the 1990s, which is noticeably higher than in the 1980s.

Table 1: Employment and productivity by industry, Australia 1990-1996

Industry	Total % increase 1990 to 1996		Employment in 1990 '000	Employment in 1996 '000
	Employment	Output per hour worked		
Agriculture	-1	12	427	422
Mining	-4	35	95	91
Manufacturing	-4	18	1164	1119
Electricity, gas, water	-34	47	104	69
Construction	2	3	589	603
Wholesale	-2	14	507	495
Retail	13	6	1100	1238
Accommodation, cafes	22	-5	311	379
Transport and storage	0	24	392	393
Communication	10	56	150	164
Cultural and recreational	29	0	146	188
Finance and insurance	-16	n.a.	371	312
Property and business	28	n.a.	633	813
Govt. admin. & defence	2	n.a.	364	372
Education	10	n.a.	535	590
Health & comm. services	19	n.a.	644	766
Personal services	10	n.a.	277	305
All industries 1990 to 1996	7	8	7808	8318
Annual growth rate	1.1%	1.3%		

Note: n.a. = not available
Source: Australian Bureau of Statistics (1997a, 1997b)

Table 1 shows that the pattern of change has varied greatly by industry sector, and that where productivity growth is high there is often little employment growth. The most striking example is that for the electricity, gas and water sector where the productivity growth can be largely attributed to maintaining output while cutting employment. In the communications sector both a large increase in productivity and also above average employment occurred. Manufacturing has experienced quite high productivity growth by past standards and a minor decline in employment.

It also seems that the highest rates of employment growth have occurred in industries where measures of productivity growth are not available (such as the service industries, where satisfactory measures of productivity have not yet been developed).

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For example, very high employment growth has occurred in the property and business sector, which has grown with the outsourcing of work from both government and private business. That sector now accounts for 10 per cent of all jobs.

Without more detailed data it is difficult to tell whether the employment and productivity growth recorded in table 1 have actually led to increased demand for education and training. For example, where high productivity growth has been accompanied by investments in new technology (as has happened in parts of manufacturing), the demand for new skills is likely to have risen. However, where productivity growth seems to have been due more to a substantial decline in employment (such as in the utilities sectors), the overall demand for further education and training may well have fallen.

To help shed more light on the broad industry trends, table 2 records changes in employment from 1990 to 1996 by major occupation group. During the 1990s the expansion in employment has been greatest among salespersons and personal service workers (21 per cent), professionals (18 per cent) and para-professionals (6 per cent). In broad terms these growth areas would indicate a rising level of demand for skills in the labour force (although this would be partially muted by the fact that in the sales and personal service sectors there has been a substantial growth in part-time work). Employment fell slightly among plant and machinery operators, drivers, and tradespersons, between 1990 and 1996, and was static among clerks, and labourers and related workers.

Table 2: Employment by major occupation, Australia 1990 to 1996, and forecast change 1996 to 2002

Major occupation group	1990 ('000s)	1996 ('000s)	% increase 1990 to 1996	Forecast % increase 1996 to 2002
Managers & administrators	866	881	2	9
Professionals	1002	1178	18	14
Para-professionals	458	486	6	6
Tradespersons	1221	1193	-2	5
Clerks	1358	1360	0	8
Salesperson & personal service	1189	1440	21	15
Plant & machinery operators & drivers	586	570	-3	2
Labourers & related workers	1236	1230	0	5
Total	**7916**	**8337**	**5**	**9**

Sources: ABS (1997a) and forecasts by the Centre of Policy Studies, Monash University (based on Dixon & Rimmer, 1996).

The forecasts provided in table 2 indicate that the general patterns of relative growth observed for the major occupational groups in the first half of the 1990s are likely to be maintained over the period to 2002. Finer analysis is needed to show the impact of these changes on skill requirements, although they are broadly consistent with analyses to the early 1990s which showed a trend towards occupations where

employees have had above average levels of education and training (DEET 1995). These analyses do not account for the possible increase in education and training requirements within occupations, which needs much more research.

Trends inhibiting investment in education and training

Table 3 shows the overall changes in employment and unemployment from 1990. Part-time work rose almost 30 per cent between 1990 and 1997, whereas full-time employment increased by just 3 per cent. Although there are still considerably more people who work full-time rather than part-time, the trend towards part-time employment is a concern for the overall level of training investment.

Table 3: Employment and unemployment, Australia 1990 and 1997 ('000s)

	Employed full-time	Employed part-time	Total employed	Unemployed looking for full-time work	Total unemployed	Labour force
1990	6142	1667	7808	476	585	8393
1997	6326	2129	8454	605	751	9205
Change 1990-97	**3%**	**28%**	**8%**	**27%**	**28%**	**10%**

Source: ABS (1997a).

The growth in part-time employment to some extent reflects the changing composition of industry (for example, the growth of retailing relative to manufacturing) as well as the growth in female employment. It also reflects the lack of full-time jobs: over 500 000 part-time workers would prefer to work more hours. The total number of unemployed people—that is, those actively looking for work and available to take it—was around 750 000 in 1997. There were a further one million people who were not actively looking for work, for a variety of reasons, but who indicated they would like a job. In considerations of the need for training among the jobless who will seek to enter the labour force, it is necessary to consider these persons more marginally attached to the labour force as well as those officially counted as unemployed.

There has been a casualisation of employment in Australia (ABS 1997c). Between 1990 and 1996 the number of permanent employees fell slightly (by 75 000 or about 1 per cent), while the number of casual employees rose by 570 000 (45 per cent). The increase in casual employees is greater than the increase in part-time employment, indicating that increasing numbers of full-time workers are in casual employment. The growth in labour hire firms is a factor in this growth in casual employment.

A decline of 15 per cent or 250 000 in the numbers of public sector employees has occurred since 1990 (ABS 1997d). The private sector's employment has grown by 500 000, mostly in part-time and casual employment. Public sector employment has declined from 30 per cent of all employment in the early 1980s to 22 per cent in 1997.

Employees in private enterprises with 1-19 employees, excluding agriculture, forestry and fishing, now make up about 25 per cent of total employment in Australia

(ABS 1998). Including agriculture and persons working in their own business, small business now accounts for about 40 per cent of all employment or about half of private sector employment. The limited capacity of many small enterprises to invest in employee training is a further structural feature of the Australian economy that potentially inhibits skill development.

A factor accompanying the changing patterns of employment in Australia is the continued decline in trade union membership. Between 1990 and 1996 the proportion of employees who were trade union members declined from around 40 per cent to 30 per cent (ABS 1997e). The decline in membership is related to the swing to the private sector where union membership was already low and where it has fallen more than in the public sector. Analysis of the Australian Workplace Industrial Relations survey suggests that a union presence in the workplace is associated with higher levels o' training.

The sustained higher levels of unemployment, joblessness and increased part-time work are associated with increased income inequality, partly alleviated by social security payments. At the same time there has been increased inequality in earned income among those in full-time employment. Fincher and Nieuwenhuysen (1998) report the proportion of income units classified as poor or rather poor grew from 20 per cent in 1973 to 30 per cent in 1996. Gregory and Sheehan (1998) point out that the polarisation of incomes and work is much greater than the aggregate averages on individual's pay or unemployment might suggest. The growing number of families on relatively low incomes raises questions about their capacity to finance education and training from their own resources.

Table 4 provides an indication of the size of the relationship of some of the above factors to education and training. Participation in training and study courses varies by a range of characteristics Relatively low rates of training are suggested for part-time, casual and self employed, the private sector compared to the public sector and for non union compared to union membership. Professionals receive or undertake considerably more training than average as do persons who already have post-school qualifications. The unemployed had a low rate of participation in training, even in 1993 when labour market programs were more prevalent than now.

One implication of the employment and unemployment trends outlined above is that more people will need more training and retraining, but that the training is likely to be in many cases for shorter periods of work. The effect of factors such as shorter job tenure, casualisation and part-time work may mean that individuals have less incentive to invest in training and enterprises have a shorter period to recoup any investment in training. The factors shaping enterprise investment in education and training are considered in the next section.

Table 4: Percentage of employees undertaking study or training courses, by selected characteristics, Australia, 1993

Characteristic	Per cent
Professionals	70
Labourers	27
Public employee	61
Private employee	42
With post-school qualifications	56
Without post-school qualifications	39
Member of union	53
All employees	47
Employed in a firm with 100 and over employees	55
Employed in a firm with under 10 employees	36
Permanent employee	53
Part-time employee	43
Casual employee	39
Unemployed	36
Employer	23
Self employed	15
Electricity, gas and water	61
Agriculture	27

Note: Persons can undertake more than one type of study or training
Source: ABS (1994)

Enterprise investment in education and training

Enterprise training is an important component of vocational education and training in Australia. Expenditure by firms on training in Australia in 1996-97 was approximately $4 715 million (ABS 1997f). Part of this contribution is made through the formal education system—more than 25% of both higher education and Technical and Further Education (TAFE) graduates had received some support for their study from their employer. Employers also contribute to VET by providing work placements in the increasingly important role of VET in schools. There is also substantial participation in formal enterprise-based training which is not associated with formal qualification. In terms of orders of magnitude, the annual hours of formal enterprise training are similar to the hours of instruction for all enrolments in Years 11 and 12. Enterprises are also the site of unstructured or informal learning and training—activities which are difficult to measure and analyse, but which probably form the bulk of skills formation in Australia.

Much of the analysis of the sources of demand for firm-based training stems from a distinction made by Becker (1964). Becker distinguished between general training, which is useful in many firms besides those providing it, and specific training, which increases productivity more in the firms providing the training. Other firms may poach

highly trained employees by offering those employees higher wages. If this happens, or if the employer is obliged to pay higher wages to stop it happening, then the benefits of the training will accrue to the employee rather than to the firm. Hence the significance of the distinction that is made between general and specific training. Employers will fund specific training of their employees because they can recover the benefits from increased productivity. Employers will be less likely, however, to fund general training because they run a substantial risk of not being able to recover the benefits.

This conclusion has important implications for the current national policy objectives of enhancing mobility in the labour market and increasing investment in training. The major strategies for increasing labour mobility include ensuring that skills are recognised through the Australian Recognition Framework and that these skills embody generic competencies which are useful in a broad range of firms and industries. In essence, there is an emphasis on making training as general or transferable as possible—the very forms of training which much of human capital theory suggests will not be supported by firms.

There is, however, a literature that suggests that firms do, in fact, pay for general training. It was observed at the outset of this section that firms provide support for substantial numbers of students who study for a post-school qualification in both higher education and TAFE. Such study clearly falls within the category of general training. It may be claimed that employees pay for this training by accepting lower wages. There is little evidence of this in analyses (unpublished) of the Survey of Training and Education (ABS 1994). To the contrary—employees who are mature age (over 25) and studying seem to have higher wages than employees with similar (measured) characteristics. Such comparisons, however, are affected by self-selection—employees who study are likely to differ from other employees in unmeasured ways—ability and motivation are paramount. Hence it might be argued that these employees would be paid even more if they were not receiving payment in kind through support for their study. Nevertheless, in so far as can be determined, firms are willing to pay for their employees to undertake general education and training without recovering the cost through lower wages.

The overwhelming majority of structured training in Australia is transferable. Employees in the 1993 ABS Survey of Training and Education indicated that 86 per cent of the in-house training courses and 92 per cent of the external training courses taught skills that would be useful in other organisations. Analyses suggested that training courses were more likely to be general if they were managerial or professional or associated with a promotion. Training was also more likely to be transferable if it was undertaken during company time—that is, if there was less chance of the employee paying for it. Surprisingly, there was no indication that training that was more transferable (or general) was any more likely to be paid for by the individual employee—and some indication that employers were more likely to fund general than specific training.

These Australian results suggest that employers will pay for general training. These results are consistent with overseas studies. For example, Barron et al (1989) found that

even for employees new to the firm, there was no difference in the earnings of employees who received and did not receive training—yet the skills acquired in the training was judged to be transferable to other firms. Importantly, it was found that the increase in productivity associated with training was twice as great as the increase in earnings—a result which suggests that employers are able to recoup some of the benefits of general training and which provides a rationale for training provision.

The distinction between general and specific training remains an important way of thinking about the motivations firms have for providing particular types of training and the impediments to the provision of that training. To the extent that firms cannot recover the full benefits of training, the amount of training provided by firms will be less than optimal. There seems to be an inherent dilemma in the desire for increased labour mobility and increased investment (by industry) in training. Better skills recognition mechanisms may enable employees to recover more of the financial benefits of their training and therefore may provide an incentive for greater investment by individuals in their training. Such a shift is likely to face substantial cultural barriers.

Against this backdrop, it is noteworthy that employers' expenditure on training seems to have declined between 1993 and 1996 (table 5). These data do not apply to the self-employed or the unemployed or jobless, whose training is more directly a concern of government. The employer data show a substantial fall in training expenditure in small and medium-sized businesses in real terms. They show an overall decline in expenditure as a percentage of gross wages and salaries from 2.9 per cent in 1993 to 2.5 per cent in 1996. The decline in employers' expenditure on training may reflect an unwillingness of employers in an uncertain environment to commit to longer term training, especially with a workforce that is increasingly less permanently employed.

Table 5: Employer expenditure on structured training, Australia 1993 and 1996

		Employer size (number of employees)		
		1-19	20-99	100 or more
% of gross wages	1993	1.6%	2.7%	3.2%
	1996	1.2%	1.9%	3.2%
% employers	1993	16%	77%	97%
	1996	13%	51%	88%

Source: ABS (1997f).

Individual investment in education and training

Whether individuals do actually invest in their further education and training results from a complex interplay of factors concerned with perceptions of benefits, costs, and opportunities. A common finding both in Australia and overseas is that the ways in which these factors play out is related to prior levels of educational achievement and attainment: those who are already well-educated participate to a much greater extent in job-based training and further education more generally (McKenzie and Long 1995). For the individual the completion of secondary school and access to post-school courses is

associated with family income, family background, access to student support and finance to cover tuition. The attraction of post-school courses is related to the likely returns to their investment—of time and money—in lifetime earnings. Economic incentives are important in choices but so too are social and cultural factors forming student preferences, and knowledge of the available opportunities for study and employment.

Such factors are not distributed evenly among the Australian population. Around 30 per cent of young Australians do not complete secondary school. Those who do not complete year 12 tend to be drawn disproportionately from social groups that are already disadvantaged (Lamb, Long and Malley, 1998). Early school leavers are more likely to be relatively low achievers in school, and to come from families where the parents do not hold tertiary qualifications, where the parents work in relatively low-status occupations, and live in rural areas. Since it is well documented that those who complete year 12 are much more likely to participate in post-school education and training than those who do not finish year 12, the long-term problems associated with leaving school early compound other disadvantages, and increase the risk of social and economic marginalisation. The net effect is that there are marked differences by social background in terms of participation in post-school education and training. Table 6 summarises such data for participation by age 24.

Table 6: No participation in post-school education and training by age 24 years

Selected characteristic	Males (% of group)	Females (% of group)
Completed year 12		
Yes	27	31
No	42	61
Parents' occupation		
Professional or managerial	26	29
Unskilled manual	40	51
Location		
Urban	35	40
Rural	36	48
Total	35	43

Source: Lamb, Long and Malley (1998).

The data in table 5 indicate that even by their mid-twenties, around 40 per cent of young people have not participated in any form of post-school education and training. This tendency is stronger for those who have not completed year 12, for young women than for young men, for those with parents from low-status occupational backgrounds, and (especially for females) for those living in rural areas. Social background factors clearly play an important role in shaping individual demand for, and access to, education and training.

From the perspective of educational policy it is important to have measures in place that encourage success in school and completion of year 12. The experience of the

1980s and early 1990s provided evidence that year 12 retention rates were greater in education systems and schools where curriculum structures had sufficient flexibility to accommodate and encourage courses of study in addition to those with a specifically academic orientation (Vickers 1995). Over that period broader economic and social changes provided the imperative for more young people to consider remaining at school, but that changed conditions in schools provided the opportunity for them to actually remain in school. A question that deserves investigation is whether the new generation of school programs linked to the world of work (such as VET in schools) provides the same encouragement for a wider group of young people to remain to complete secondary school.

VET in schools as a policy response

During the 1980s a rapid and near-complete decline of vocational training provision occurred within secondary schooling systems throughout Australia. During this period of changing curriculum profiles, Australia experienced rising school retention rates and an increasing incidence of long-term unemployment for early school leavers. Commonwealth commissioned reports (Finn 1991; Mayer 1992) expressed concerns about the skill levels and preparation for adult life of early school leavers. The Australian Vocational Training System (Carmichael 1992) through seed funding activities re-ignited school engagement with industry training in a national framework, and is directly linked to today's VET in Schools and New Apprentice programs (ANTA 1998).

Approximately 70 000 students are enrolled in some form of VET as part of their senior secondary schooling in 1998, with an additional 2 000 students expected to enrol during 1998 in a new apprenticeship which involves both schooling and contracted training and work. These increasing enrolments in VET courses at schools were triggered initially by seeding grants from the Australian Vocational Training System (AVTS) and the Australian Student Traineeship Foundation (ASTF) and later supported by the Australian National Training Authority (ANTA), the Department of Employment, Education, Training and Youth Affairs (DEETYA) and State and Territory funds and policies. Cross-sectoral and bilateral agreements about VET in schools also began to appear from the mid-1990s.

Behind these figures of growth in school-based VET are a range of policy responses (Malley 1997). Although the pace of change varies between different States and Territories, there are some common elements:

- the embedding of VET qualifications and competencies into final school certificates and tertiary entrance procedures
- the inclusion of enterprise-based standards and certificates into senior school provision
- agreement by education ministers on a definition of VET in schools which incorporates national industry standards;

- funding from the Federal Government and State training authorities to support VET in schools provision;
- an expanded role for the Australian Student Traineeship Foundation in promoting school-enterprise linkages within a VET framework
- a variety of partnership arrangements between schools, enterprises, TAFE institutes, group training companies, industry associations and regional planning authorities
- increasing numbers of participating employers as either workplace learning providers or employers of contracted new apprentices
- extended concepts of senior schooling which include year 13 and a mix of full-time and part-time students, some with contracts of training
- an integration of general education, key competencies and vocational skills training into a variety of curriculum arrangements

Aside from the role that VET in schools can play in making senior secondary schooling more attractive and relevant to a wider group of students, this development also raises important questions about the location and timing of entry-level training. Inevitably, such a development focusses attention on sectoral boundaries between schools, TAFE institutes and workplaces, the sharing of costs, and the standards of skill development achieved (Malley 1997). The rapid growth of VET in schools in the last few years, though, suggests that these curriculum emphases are likely to become a significant feature of senior secondary schooling, and thereby open up new pathways into employment and post-school education training for a larger group of young people.

What is now required is more detailed information about the impact on earnings and career destinations of these new training pathways which originate in schools. With this information better understanding of the link between these new training pathways and employment outcomes can be mapped and fed back into the careers information systems used by students select their study programs.

02

Conclusion

The analyses in this paper provide mixed conclusions about the likely future course of investment in education and training in Australia. On the one hand, the broad shifts in employment by industry and major occupational group indicate an increasing demand for new skills and knowledge. There are countervailing trends, though, in the pattern of employment: the increasing emphases on part-time employment, casual employment, work in small enterprises in the private sector, and a decline in union membership all suggest a weakening in some of the key factors underpinning the demand for job-based training. The conclusions about employer investment in employee training are also mixed. Although evidence was presented to suggest that, contrary to the predictions of human capital theory, Australian employers do invest substantially in general training that is potentially transferable to other enterprises, actual employers' expenditure on training fell between 1993 and 1996, especially in small and medium-sized firms.

The drive for sustained investment in new learning ultimately comes from individuals themselves. While well-educated people in Australia do generally invest substantially in further education and training, those who have not completed secondary school are much less likely to do so, either through a lack of opportunities, knowledge about available options, or a perception that the costs will outweigh the benefits. Given that those who do not complete year 12 at secondary school tend to be drawn disproportionately from disadvantaged backgrounds, their lack of participation in post-school education and training raises serious concerns about long-term marginalisation in the face of rapid economic change. For this reason, if for no other, the recent moves to broaden the senior secondary school curricula through VET in schools, and to open up new pathways into employment and further education warrant detailed research and policy evaluation.

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What does research tell us about developing a training culture?

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Abstract

This paper is the work of three different researchers looking at the question 'what does research tell us about developing a training culture'?

Ian Falk begins by considering the need for a radical new model for thinking about workplace learning, change and research. The old model is almost past its use-by date, and practitioners are moving beyond researchers in a number of significant ways. Robin Sefton talks of the necessity to develop a culture of practice in VET that values and encourages research, particularly that of the critically reflective workplace educator. After Robin, Stephen Billett, director of the Centre for Learning and Work Research at Griffith University, picks up on the theme of transferability of some of the latest research outcomes on further evidence for the relationship between learning, change and research. Essentially, they argue collectively that if we are looking for the answer to the question about how to change the training culture (for industry, for any organisation or for society), the answer should involve a heavy reliance on research. Whatever name you call it, research of some kind is the quality-assured process through which change ought to occur.

05

There is nothing more practical than a good theory (Ian Falk)

A TRIPTYCH IS a piece of artwork that has three panels on the same theme, each contributing to the whole effect. We hope that, by the end of this triptych of papers, the reader might more fully grasp the import of the saying, 'There is nothing more practical than a good theory'.

Let us start by asking the overall question that informs all three contributions: *What does research tell us about developing a training culture?* Each of the contributors will answer the question in a different way. The context is first provided by Ian Falk. Ian will start by talking about the need for a radical new model for thinking about workplace learning, change and research. The old model, he claims, is past its use-by date, and human resource practitioners are moving beyond researchers in a number of significant ways.

Robin Sefton's contribution follows. Robin is the managing director of Workplace Learning Initiatives—and it's no accident that the word 'learning' is in the title of Robin's firm. In general, her work is on the necessity to develop a culture of practice in vocational education and training (VET) that values and encourages research—particularly that of the critically reflective workplace educator.

After Robin, Stephen Billett, director of the Centre for Learning and Work Research at Griffith University, will pick up the theme of change-through-learning and what the latest research has to say about that.

Ian Falk will finish by presenting some of the latest research outcomes on further evidence for the relationship between learning, change and research.

Times are a'changin'

Essentially, we argue collectively that if we are looking for the answer to the question about how to change the training culture within an industry, in any organisation or for society, then the answer should involve a heavy reliance on research. Whatever name you call it, research of some kind is the quality-assured process through which desirable change can occur.

It is noted by leading social and political commentators that our system of democracy stands at the cross-roads because the concept of 'majority' is seen as simply not sufficient for the purposes to which democracy is nowadays put. It is widely recognised that the fate of democracy is in the balance—that as a system it has served recent history reasonably well. However, as society changes, organisations and institutions change, and the supporting mechanisms need a different and more refined way of operating.

The collegial or consensus form of government as opposed to the adversarial or simple majority form has been trialled in Tasmania for the last three years. It has been variously received. Those involved in it are often frustrated—they cannot get things done as quickly, they have to make compromises, they have to be nice to people they wouldn't ordinarily have to be nice to.

In an election poll our centre conducted for a major newspaper in Tasmania, there was a question which asked whether respondents would prefer consensus style of government or a single party majority style. The results on that item were: 79 per cent of the sample supported a consensus style as opposed to an adversarial style of government. However, the party whose platform was on giving them a clear majority so the work of government could be accomplished won convincingly.

There are many social reasons for these changes which are now upon us, not the least of which is the general need to account for globalisation and the incorporation of diversity into our thinking and practice. When the old model is not sufficiently useful or explanatory, what do you do? Look for a new model.

How are these social changes being inscribed on the VET sector?

In the case of VET and the research that informs it, I believe we are in the process of deciding we need a new or revised model. Existing official research is concerned with mapping, identifying, adapting or evaluating VET. The performance measures it uses for these tasks are basically economically driven. The underlying principles are cost-effectiveness, productivity, and 'industry-driven'. There is an assumption that, in order to research VET, we should look at VET's effect on economic outcomes, and industry is the main driver of such outcomes.

'Wannabes'

None of us would wish to decry the importance of sound economics. We all want to be well fed, well clothed, in good health, happy at leisure and work and get on well with our leaders and neighbours. Good income and sound social welfare measures lie at the heart of these matters. However, the list of 'wannabes' above includes as many social items as economic. The assumption is that *only* economic measures will result in all desired social and economic outcomes.

So why, if this is the case, have we not achieved this—in fact why are we travelling ever faster in the other direction? Look at the list below and ask yourselves if we have been entirely realistic about the connections between economic targets and socio-economic well being.

Social commentators such as Rifkin, Theobald and many, many others predict:

- the end of paid work in the traditional sense
- growing divide between rich and poor
- environmental degradation to point of unsustainability
- breakdown of social cohesion and the social order

Depressing they may be but each contains too much of the ring of truth to entirely ignore. And we cannot hope to tackle all of these in one hit, but nowhere in public policy is there a realistic assessment of the future—except perhaps in the growing talk in political quarters in the USA, UK, New Zealand, Germany and Australia (that we know of for sure) of the ways in which the missing form of capital—social capital—might have applications in addressing present reported deficiencies of social cohesion, institutional mistrust and lost sense of community.

Certain assumptions underlie the framework which maintains the present and unsustainable social structure in place. Some of the main assumptions underpinning our present framework for VET include implicit understandings of:

1. the nature of 'industry'
2. the nature of VET

3. the nature of workplace learning and lifelong learning

The three papers in this triptych each talk about implicit understandings of these terms and how we should be constructing different understandings—ones which will position VET as the major force working for benign social change in a non-partisan, whole population fashion. The new access and equity policies of the Australian National Training Authority (ANTA) are the start, I believe, of important signals of a new direction in terms of the recipients—clients if you like—of VET in Australia.

VET is a policy construct and it is a recent one. It grew out of Technical and Further Education (TAFE) which in itself was a contested field and grew from technical secondary schooling. The idea of vocational education was a pre-employment one. In the last decade we have seen the term VET include by decree (see Stephen Billett's discussion about this later on) workplace training.

And like any decree, it is taking a while to bite. For example, in the validation of national competency standards project completed last year, a component was to establish the knowledge of the standards by a group of 812 training organisations, industry training bodies, those who purchased the standards and a few others. One fifth were well-informed about competency standards after five years of blitzing the target group (those who had been exposed to and been supposed users of the standards). Other evidence tells us that 'industry' has a much lower level of awareness of competency standards as we know them and that what we call the 'VET sector' is considered only marginally relevant to them. The nature of the body of faceless people covered by the term 'industry' is another problem for VET in Australia. There is one group of research which shows that there is really no such homogenous entity as industry and another group which shows that the term is used to apply (and therefore give funding) to traditional industries to the exclusion largely of small, especially micro and home, business and female-oriented ones.

The most important reason for these accepted (but questionable) understandings is that the VET sector has emerged from the Western world's colonial approach to integrating with industry: sectors have walls, we can retain our 'identity' while working with others. We have operated from the attitude that training is our (who is 'our'?) area of expertise and how can we help you? The problem is, there's training and there's training. The culture of VET training is different from the culture of industry training. An industry human resource person recently told me:

> *Sadly there is a cultural thing with many in the cloistered environment who still see the priorities in terms of their systems not the client's needs . . . I have an intuitive sense that there is some sort of demarcation line between two distinct groups of people in vocational training. We have two slightly intersecting circles, one being focussed in industry and its needs and outcomes, in some cases these folks are employed by training providers but make the client's needs their own and empathetically [sic] work with them. The other group largely employed in the VET provider sector but also found in industry are those who see training, education and development as the end in itself. These folks are finding [it] increasingly difficult to hold down a role in industry because they are seen as 'too heavenly minded to be of earthly use'.*

There is a case to base a public discussion around, namely, the sweeping claim that we should separate the TAFE-VET culture from 'industry' training culture, since they serve different ends related to corporate boards on the one hand, and questions of the public good on the other. I for one think (along with others) that the two sectors *should* work closely together but with the explicit understanding that they both actually really do have quite different purposes for a large part of their activity. However, if they do *not* work together, each will not learn of each other's realities and the lessons we are learning about social cohesion, trust and social capital will be lost.

A parallel scenario exists with the case of research. We have so far assumed the position that our research models and culture will be able to 'service' other sectors, without recognising or understanding that the culturally embedded phenomena of each sector's research culture makes such integration very slow, if not impossible.

Let us now look a little more closely at the words 'research' and 'change'. Research means re + search—simply, to look again. Good research means looking again *carefully*. Research is also a quality-assured learning process—if you follow the procedures you get a fairly well guaranteed outcome. What is change? Think about the nature of change. What happens when someone changes? They *learn*. The relationship between research, learning and change is extremely close and yet as a society (and many leading-edge organisations within it) we are only just starting to realise the significance of this. Change is learning, learning occurs through research, systematic learning and change depends on systematic learning through research. That 'other' model of research in the corporate and organisational sector—R&D (note the word research makes it and the word learning is disguised in 'development—HRD and so on)—has always had a significant place. Why only so recent and so marginalised in the VET sector? Why is so much research in VET to do with economies in the short term at the expense (arguably) of long term cost effectiveness and sustainability?

These connections are the reason why there are strong but still mainly implicit agendas around learning organisations, learning societies and learning communities, as well as lifelong learning, action learning and action research.

If we are looking for the answer to the question about how to change the training culture (for industry, for any organisation or society), then you can only answer it by saying 'through research'. Whatever name you call it, research of some kind is the key process, not involving coercion or war, through which positive change is achieved, throughout history. History also shows us how unconscious adherence to an outmoded and unquestioned theory is dangerous, while making the unconscious explicit and questioning assumptions and meanings helps form 'good theory', and there is no more practical thing than a good theory.

Navigating the murky waters: Research, change and knowledge in the 'new' workplace (Robin Sefton)

When I received the topic for today's talk, which was, broadly, about facilitating change through learning, a number of questions flashed through my mind, such as: What counts as research? What counts as knowledge? Or workplace learning? How can these concepts create change? What changes are we talking about? In other words, who is counting what, why are they doing so and for whom? What role do VET practitioners play in these processes? . . . The questions are more numerous than we have time to name in this paper, let alone explore.

In our work in industry training and development, we have found that whichever way you ask the question, or whatever question you ask, one thing is clear—the answers you find will be controversial. Contradictions will come to the fore, many of which cannot be resolved simply, if at all. The one certainty is that concepts such as knowledge, learning, skills, workplace change, even research, are both complex and problematic. We have come to believe that to blunder into a workplace with no understanding of these contradictions, complexities and controversies can do more harm than good.

Thus as a starting point for my section of today's discussion I would like to pose the question—When is research research? Is it the quantitative and qualitative studies undertaken by academic researchers? Does it include teaching practitioners reflecting on their teaching practice? What about the 'co-production of knowledge' (Anderson, Clemans and Seddon 1997) that takes place in the workplace when a problem is identified, solutions researched and the problem resolved? Is this research? Can a shop floor operator in a factory be conducting research? Or is 'research' reserved for professionals?

Connell (1975) would include all these types of activity as research. In his view research is

> *. . . simply collecting information and thinking systematically about it . . . Useful research on many problems can be done with small resources, and should be a regular part of the life of any thoughtful person.*

In a study commissioned by the Office of Training and Further Education in Victoria, Seddon et al. (1998, p. 12-14) also adopted a broad view of research which they described as the process of producing useful knowledge by way of *ongoing processes of action-reflection which progress through three phases: knowledge production, actioning and validation* (p. 14). In adopting such a view, it was possible for the research team to classify many activities conducted within VET organisations as research, although the people within those organisations did not necessarily name it as such.

These descriptions bear a resemblance to the participatory (or emancipatory) action-research, described by Kemmis (1985):

> *Emancipatory action research involves participants in planning action (on the basis of reflection); in implementing these plans in their own action (Praxis); in observing or monitoring the processes, conditions and consequences of their action; and in evaluating their actions in the light of the evidence they collect about them (returning to reflection) as a basis for replanning and further action. This is the spiral of self-reflection composed of cycles of planning, acting, observing, reflecting, replanning, further action, further observation and further reflection.* (p. 156)

This type of research is designed specifically to produce changes in people's actions, and indirectly in organisational behaviour. It seems to be directly related to the production of knowledge in the world of business, in the way it is espoused by Drucker (1993):

> *The knowledge we now call knowledge proves itself in action. What we mean by knowledge is information effective in action, information focused on results. These results are seen outside the person—in society and economy, or in the advantage of knowledge itself.* (p. 46)

What Drucker means by knowledge, however, is not necessarily what other people mean when they use the term. He talks of a set of *'knowledges'* and labels all technical knowledge as *'teche'*, which, he maintains, is not the key knowledge of the *'knowledge economy'*. The key knowledge, he says, is the knowledge of *'what to say and how to say it'*. He describes knowledge as the new *'means of production'*:

> *Value is now created by 'productivity' and 'innovation', both applications of knowledge to work. The leading social group of the knowledge society will be 'knowledge workers', knowledge executives who know how to allocate knowledge to productive use.* (p. 8)

Virgona (1998) gives a more down to earth description of these separated knowledges of Drucker and, in doing so, highlights the problematic nature of this concept:

> *Designing and applying a new inventory system is knowledge, streamlining a manufacturing process is knowledge, even designing a mag wheel that gladdens the heart of a petrol head is knowledge. The communication bit is in reading the market, translating the reading into a concept and transmitting the concept to those who shape it into a concrete form. But putting the parts together, doing the technical drawing and working out the finances is 'techne'. The important knowledge of the knowledge economy is applied knowledge not the application of a formula because that is 'techne'. Where the creative manipulation of a formula separates itself from its application gets a bit murky.* (p. 2)

However, it seems certain that what is meant by knowledge in today's business literature, and the practice of management in at least some enterprises (although it is the rhetoric of many), is not 'techne' knowledge but rather some form of critical, reflective and creative thinking and acting which leads to innovative solutions for business. Workers are being asked to invest much more than their labour into their work and, as Gee, Hull and Lankshear (1996) point out:

> *While this offers a less alienating view of work and labour, in practice it can also amount to a form of mind control and high tech, but indirect coercion* (p. 7).

In organisational development circles the concept of the 'learning organisation' has become widely accepted as a way for businesses to move into the future. Watkins and Marsick (1992) defined a learning organisation as

> *. . . one that has embedded a continuous learning process and has an enhanced capacity to change or transform. This means that learning is a continuous, strategically-used process—integrated with and running parallel to, work—that yields changes in perceptions, thinking, behaviours, attitudes, values, beliefs, mental modes, systems, strategies and procedures.* (p. 128)

Information about learning organisations abounds, along with advice on how to achieve this status, as is evident in the large mass of literature that has been written about them. Morrigan (1996a) identified over 500 journal articles published between 1987 and 1994 and concluded that

> *Most writers link four major contextual issues with the Learning Organisation:*
>
> - *Modern capitalism has a global future in which the Learning Organisation 'is heralded as the optimum organisational form for this stage of capitalism'.*
> - *The Learning Organisation is the key to economic survival and renewal of business in the West.*
> - *The Learning Organisation is the key for effectively managing the organisational change necessary in the current economic climate.*
> - *The Learning Organisation is linked to the overall social change processes: 'economic transformation will bring about an epiphany within the larger society'.*
>
> (summary in Taylor et al., 1996, p. 10)

Morrigan (1996b) differentiates between traditional organisational learning (learning that occurs within a sub-system of the whole) and the learning organisation (it is the whole):

> *Knowledge creation (or organisational learning) is as much a product of the learning organisation as the goods and services that any company produces.*
>
> (cited in Taylor et al., p. 11)

These descriptions certainly extend the concepts of knowledge and learning, and the expected outcomes of such learning. Also evident in this literature is a concept of how the learning needs to occur, as a normal part of everyday activities, embedded in the culture of the organisation, not only as a 'way of knowing and operating' but also as a way of discovering, innovating and changing. It suggests that learning should transform the way people do their work, that it should change their attitudes, even affect their values.

Many writers are critical of fragmented and compartmentalised approaches to learning (e.g. Senge 1990, Berggren 1994, Gee 1992, Sharratt and Field 1993, Kofman and Senge 1993, Ford 1990, Kazemak and Kazemak 1992) and talk of the need for holistic learning which embraces and integrates formal education, induction,

continuous on-the-job learning, recurrent off-the-job learning and personal development (Ford 1990, p. 8-9). This is perhaps best expressed by a managing director we interviewed who said:

> *It seemed to me that to actually teach guys on the shop floor in black boxes, that is you teach them about health and safety, and you teach them about marketing, and you teach them about engineering and you teach them about costing, without actually nailing all those together, its quite a dangerous thing to do. Because the process of engineering a vehicle, taking it through the planning process and then the development, and the purchasing of the materials, is a cross functional thing, and unless each of the functions understands what the other function either side or top or bottom does, then its going to fail.*
>
> (Virgona and Marshall 1998, Appendix 1: Video Transcript, p. 3)

In our own research on workplace learning and change (Sefton, Waterhouse and Cooney, 1995) we found it useful to analyse the learning environment of the companies in which we conducted the study in relation to the following factors:

- the ways in which knowledge was acquired, transferred across the company and utilised to change existing practices
- the links that existed between workplace learning and change
- cultural factors such as the climate of trust, openness and collaboration, the degree to which diversity and divergent views were tolerated and the value placed on workplace knowledge, experience and skills
- how informal learning within normal workplace practices takes place and how the formal training was organised (p. 62)

We found that informal workplace learning was very significant to both the workplace and the employees, as were the links between that informal learning and any formal training conducted at the particular company. Like Billett (1994) we discovered that the acquisition of *embedded technical knowledge* (in the technologies, work and production processes) was more valued than task specific learning and we found evidence to support his view that *the nature of activities and their underlying concepts are revealed to learners as they engage in learning, situated within a culture of practice* (p. 41).

We have found that learning within a culture of practice which is highly contextualised and situated need not be reductive and narrow. For instance, in one workplace a training class exercise of tracing a small component part around the factory yielded some remarkable information. The trainees found out where the materials came from, all the processes they underwent in the creation of the component and visited the engine manufacturer to see where the finished product ended up (as a tube that supports the dip-stick on an engine). Waterhouse (1996) tells the multiple stories that unfolded from this exercise, many related to the actual production processes, however

> *Our work highlights the economic, social and technical relations of the workplace. As the multiple stories unravel we discover connections and interdependencies which were not apparent in the beginning.* (p. 53)

It also uncovered the global nature of the automotive industry with the knowledge that the steel tube came from Japan, the steel for the brackets from Newcastle, the O-ring from Michigan and the electroplating chemicals from another range of suppliers. The company for which the part is manufactured installs it onto an engine that is exported to Asia where it is placed in a car that is imported back into Australia as a fully imported car.

> *So the J63* [dipstick tube] *may be touring the streets of its home town on a locally built motor, in a foreign built car . . .* [This] *leads us into consideration of international trade, and the politics and economics of global competition.* (p. 7)

One shop floor operator from this workplace later presented his view of the culture and practices of the workplace to his co-workers, supervisors, managers and union representatives. On a sheet of butcher's paper he had drawn a globe.

> *He explained that the company was just like a 'little world all to itself', with various departments ['countries'] having their own rules ['laws'] and cultures, and their own 'imports and exports'. Referring to his colourful illustration, he talked about the different countries and what they produce; he identified where they obtained their raw materials and where they sent their products. He discussed the internal and external customers, he noted that some people get to move across the 'borders' and so learn about the whole 'world'. Most, however, live out their working lives within their own boundaries and may have little idea of what is actually happening in other areas.* (Waterhouse and Sefton 1997, p. 267)

This worker found the same things we did in our research, that the most important feature of workplaces as learning environments was the culture of the workplace, the degree of openness to new ideas, tolerance of different views and preparedness to innovate and change. Unfortunately, what he was getting at indirectly was the lack of openness, or tolerance of new ideas. In this instance a host of really helpful and potentially productive ideas that were put forward by shop floor workers as a part of their training were disregarded by the management. Even more unfortunately this company has since closed its door and another 100 or more workers are now unemployed. This example illustrates graphically the degree to which training, no matter how integrated and contextualised it is to the workplace, is reliant on the workplace culture for its effectiveness to be realised. On the other hand, where the culture is conducive to learning and management support of the training effort is evident remarkable achievements can result. For instance, in another company the degree of openness to new ideas, the preparedness by management to listen to shop floor workers and the commitment to the development of a learning environment is having its effect:

> *The earnestness with which the training groups make their presentations to management and colleagues is evidence that they are beginning to reconceive their relationship with their work. They are beginning to recognise that this is a workplace that offers them opportunities, that listens and wants to hear.* (Virgona et al., 1998, p. 90)

The managing director's strategy to empower his workers is starting to have an effect in this workplace. In his words:

> *They've got to feel motivated. They've got to feel as though they have a purpose. They've got to feel as though they belong. They've got to feel as though they are appreciated. But they've also got to feel they're responsible for their actions. And they've got to feel that both individually and collectively.* (p. 90)

Finally I would like to look briefly at the culture of practice inside VET providers, and how this affects their ability to respond to the complex environment of industry. Seddon (1998) identified three models that typified the various orientations towards research in the educational organisations they studied:

- *Informal Model*—where the activities within an organisation are compartmentalised so that the operations of the organisation *are separated from research activity and individual research is not absorbed into the organisational activity for operations or research . . .* Research in these organisations, if any, *was seen to be either as a distinct line of business which was required to generate income or competing with other enterprise priorities for enterprise resources.*
- *Strategic Planning Model*—where there is a *utilitarian view of research to meet Central Agency and enterprise priorities* and the organisation *uses individual research on a limited fit basis . . .* The use of research for strategic planning purposes, including market research, was expected to provide *appropriate returns on their investment* (pp. 11-12).
- *Capacity Building Model*—where *research is integral to the organisation and seen as building the longer term capacity of the organisation.* There is an *integration of individual research and organisational activities . . . Capacity building enterprises revealed a research culture which more often emphasised internal rather than external motivations. Research was seen as integral to a process of continual improvement based upon review, reflection and redesign* (pp. 32-34).

The theme of the conference for which this paper was prepared is 'Creating our Future—a new training culture for Australia'. I would suggest that the road to a new training culture begins at the coalface. For VET practitioners the coalface is their own workplace. If these practitioners are to learn from research in order to facilitate change within an industry environment, the institution from which they operate will need to develop a culture of practice that both values research and encourages the innovations that can arise from it. It will need to recognise the importance of the reflective practitioner by providing opportunities for this practice to occur. This could be through encouraging teachers to document their practice for journal articles. It could be through action learning professional development activities or through teacher involvement with research projects that are relevant and timely to meet the needs of their teaching practice. Most important though is the recognition that there are no simple answers, that the terms we use so glibly, like learning, knowledge, skills, workplace change, are all problematic and that life in the swamp is murky.

Change and a culture of training (Stephen Billett)

The premise being advanced in this joint presentation is that change is a process of learning. Moreover, we can be guided by research about that process and its goals in understanding how best change can be used to assist gaining greater commitment to training. I am not sure I am going to say anything terribly new, except to contextualise a discussion about change to current deliberations within VET.

The view that change is associated with learning is fundamentally defensible. That is, a product of learning is change in individuals. And, that we learn through engaging in changing activities and circumstances. Indeed, it is more accurate to refer to this learning as change, rather than development. The term development implies a value judgement about what has been learnt. For instance, individuals learning in workplaces (or educational institutions) may learn things that are hardly developmental or unintended (bad habits, biases towards certain groups, shortcuts and so on). Equally, not everybody would agree that learning to fight or being entrepreneurial is developmental. Hence, change in individuals' thinking and acting is the outcome of learning. What I want to propose here is that in seeking to secure greater commitment to VET the type of change that is desirable will be associated with developing the ability to implement as well as enhancing an appreciation of the value of vocational education provisions.

Two points. Firstly, what is known is that learning and change are effortful and demanding. This is no more so for us adults who have existing ways of understanding and knowing how to achieve goals. So change can often mean considerable discomfort and the effortful process of learning to do things in a different way. This often involves shifts from situations with which we are familiar and competent. Consequently, the changes we ask individuals to engage in should be only those which are worthy of the effort. Secondly, individuals are only likely to engage in the effortful activity of learning or change when they see the benefit of expending the effort required. It seems that even when individuals are coerced to change, their commitment is superficial. That is, when close supervision is removed, practice of the innovation ceases.

Taking these two ideas first. Those involved in VET—albeit its TAFE institutes, enterprises, bureaucracies and private providers—have in the last decade been subject to extensive and ongoing periods of change. Much of that change has been about at least some discontinuity with what has gone before. The word 'reform' has become synonymous with 'getting on with the job'. Unfortunately, this rapidity of change has brought uncertainty and discontinuity. Yet, seen as processes of learning, these waves of changes have been managed poorly in some instances. They have not been seen as processes where learning has to happen and be reinforced by success with the initiative. Commitment to some form of new practice or idea comes from the ability to implement it with success and see its worth. It is not just the stuff of initial enthusiasm or excitement with the new. So in seeking change, there is a need to develop the wherewithal and see changes in values. Contrast for instance the processes adopted for introducing TAFE institutes to the market, and indeed the goals for this process,

between say Victoria and Queensland. Consider not only the readiness of the two systems but also structural differences apparent in both States to undertake this task.

Taking the second point, engaging in the effortful activity of change, individuals have to believe the effort is worthwhile. Take, for example, many previous initiatives within the national training reform agenda in this country. Their implementation did not seek to win the hearts and minds of those individuals involved or assist them to develop the wherewithal to be successful with these initiatives. Often these changes were mandated or legislated. Consequently, we have witnessed the rejection of the legislated training guarantee scheme by enterprises who were unconvinced about its intent or value. We have also seen the rejection of the requirement to include training arrangements in industrial agreements when these mandates were not part of the new requirements of enterprise-based bargained agreements (Guthrie and Barnett 1996, Callus 1994).

We have also seen uncertainty, confusion and frequent rejection of a teaching and assessment methodology that was pressed upon educators, without consultation or a concerted effort to consider how this methodology could best be implemented. In talking to TAFE and non-TAFE vocational teachers about the implementation of competency-based training, they refer to being told of the importance of these initiatives, the need to adhere to them and yet little guidance about how to implement them. They also talk of how their solutions to implementation problems were dismissed by those with state-wide responsibilities. The common threads of these initiatives was that change was not taken as a learning process but something which some individuals could mandate would happen to others. Perhaps we should think this to be quite odd for a vocational education system, particularly one which is encouraging enterprises to become learned organisations.

Fortunately, or unfortunately, depending on your view, individuals learn or change as the result of mandate, except when overt coercion is present. Ironically, research on change indicates that it is not necessarily important where the initiative is developed with the involvement of those affected by it in planning for its implementation. This suggests that even externally imposed change can be managed if opportunities for involvement and successful implementation can be planned.

What would seem to be useful is to extend and exemplify this discussion in two directions. That is, how change is and, perhaps, should be managed to secure increases in both the quantum and quality of vocational education, sponsored by and conducted within enterprises. Therefore, much of what follows focusses on enhancing enterprise commitment to VET provisions.

Changes in the quantum

A key goal of governments in the last decade has been to increase the quantum of the commitment by enterprises to VET. However, it seems that enterprises, particularly small enterprises have not increased the amount of training they are sponsoring. Indeed, at this time there is some evidence to suggest that it is going backward. The findings from the many research projects which have examined this issue are quite

consistent. These findings suggest a correlation between enterprise size and their commitment to training (Burke 1995). There is a particular reluctance by small business to invest in training. Gibb (1997) notes that 18 per cent of small business, 79 per cent of businesses with between 20 and 99 employees and 97 per cent of businesses with a 100 or more employees invest in formal provisions of VET. She concludes that 82 per cent of small businesses, which comprises 50 per cent of private sector workforce, do not spend money on training.

From the evidence available, it seems that neither small nor large businesses base judgements on expenditure on VET on evidence (Billett and Cooper 1997). Instead it is based wholly on judgements about its worth. There is little evidence of the use of systematic analysis of investment in VET by enterprises. Indeed, this commitment is based on an act of faith which can be summed up (albeit rather generally) in one sentence. Small businesses do not believe it is in their interests to invest in VET, whereas large businesses do. Unfortunately, within large enterprises this belief appears to be being eroded in some cases. In seeking to redress the problem of the reluctance of small business to invest in training, a number of studies have been commissioned. These studies have reported that small businesses do not invest in enterprises because of:

- their required skill levels
- lack of incentive
- preference for recruitment
- other priorities (too busy)
- inhibiting administrative structures
- also lack of information

Policy responses need to take account of these factors. Where there is evidence of increased participation by small enterprises in entry-level training it was accompanied by support and facilitation. That is, when support was available to learn the processes of preparing training plans and integrating the needs of enterprises with the training system then improvements in the quantum appeared to follow (Billett and Cooper 1997).

Some of these issues were made very clear in an investigation currently being conducted in three regions throughout Australia. The issues were raised about an enterprise facing a skill shortage as a result of their commitment to sponsor apprenticeships. Respondents within two regions which have quite stable workforces replied that enterprises are quite aware of the looming problem but are choosing not to respond. They apparently hold the view that government will come to the rescue. From the enterprise perspective this is probably a defensible view, albeit quite short sighted.

Consider the comments from a group of students.

A good job, which is not in a factory and pays well so I can buy a house.

Partner wants to retire from train driving in five years time and drive trucks. She wants to be the bookkeeper for this business.

Has been in catering for the last ten years but was made redundant last year. She enjoyed some short computer courses and decided to work her way up the ladder.

Daughter is now in high school and will need to know how to use computer. It is important that she can show her because daughter has a learning disability.

Completed a course last year, Certificate in General Education for adults, and decided she wanted to do another course. She is new to the region and hopes to meet people and get some work in office administration, even as a volunteer. She has not been in the workforce for 20 years and wants to bring herself up to current standards and get over her fear of computers.

In the study just referred to, it was evident that enterprises now want two levels of customisation of the VET programs to best suit their needs. They demanded that, firstly, the content be directly related to the needs of their particular enterprise and, secondly, the 'skilfulness' developed had to be integrated into the particular work practices of the enterprise. Yet when asked other questions about the kinds of changes which would encourage them to participate more in VET, this customisation was not raised. That is, extensive efforts on the part of providers to meet enterprise needs would not necessarily lead to an increase in the quantum of VET. Rather, it may lead to enhanced specificity in VET provisions. These arrangements may or may not be in the best interests of other VET client groups such as individuals and small enterprises. In responding to what would encourage them to expend more funds on VET the enterprises stated, enterprises would be forthcoming mainly as a result of:

(i) organisational restructure, (ii) legislative/legislated changes and (iii) evidence that a productive outcome would result.

The important point here is that unless a shift occurs in the commitment of enterprises, what they perceive to be unwelcome initiatives will continue to be rejected. It seems unlikely that cost-benefit analyses of VET will ever be sensitive or valid enough to provide evidence. Even if enterprises were interested in using compentency-based assessment, which they don't seem to be, they are unlikely to be sufficient. Instead, visible evidence such as changes in work practices or reduced wastage, is probably required for the workplace. This requires engagement and some evidence of success. It is interesting to compare the data on satisfaction with VET provisions from those employers who have engaged in VET and those employers who have merely commented without engagement in VET (Robinson 1998). For instance, compare the positive appraisal of TAFE provisions (NCVER 1997) with those from the study of small businesses in NSW (Coopers and Lybrand 1994). My own findings across three regions in Australia support the positive portrayal of TAFE provisions from those who have been involved. So it seems that those who have been involved have a propensity to value its contribution and those who haven't do not value its

contribution. Significantly, what appears to offer the most promise of engagement which leads to successful outcomes is support and facilitation. Again, this is directly analogous to what individuals need to learn about to gain commitment to particular initiatives.

Changes in quality

This matter leads to the second issue—that of improving the quality of VET provisions. Much has been made in recent times of workplace learning and the benefits of the immediacy of the application of what is learnt to enterprises. However, there are a series of questions about the quality of the outcomes of this provision. If there is to be a change towards placing a greater emphasis on learning in workplaces, there also has to be a change in the nature of how this provision is to implemented least the quality of outcomes be questioned. This threat comes not from simple delineation between theoretical and practical knowledge (which don't make sense anyway). Rather, the threat appears to come from making knowledge accessible in workplaces and using instructional methods that develop knowledge which can be transferred. Perhaps the key quality of learning is the robustness of what is learnt. Is it robust enough to be transferred away from the circumstances in which it is learnt (e.g. from the classroom to the workplace)? The broader the reach of the knowledge, the higher its quality.

One reason for considering workplaces as sites for learning is that they avoid the problem of transfer from the classroom to the workplace. This is a legitimate concern. However, the problem is not that the learning was done in a classroom but that it was undertaken in a context different from the one to which the learnt knowledge is to be transferred (Billett 1998). Yet, although learning in the workplace overcomes one barrier, it would be wrong to assume that this knowledge will transfer readily either to another workplace or to the same workplace if the context (e.g. tasks, division of labour) changes. Instead, it seems that instructional strategies need to be used in workplaces to make sure that the knowledge learnt is robust. This will likely involve an explicit process of developing knowledge in one circumstance and assisting it to be well understood in others. The experiences formerly provided by some group apprenticeship schemes and nurse education programs come to mind here. In both situations, the novice learns about their vocation being deployed in differing contexts, thus developing robust knowledge.

Here again change comes to the forefront, as does the need to be seen as a learning process. The danger is of weak learning arrangements in the workplace (and there are many attributes of the workplace which offer the prospect of potency). The danger is in developing knowledge that is neither rich nor deep. This is the kind of knowledge which is brittle and fails to respond to changing circumstances. In changing to workplace-based provisions of VET, it seems necessary to consider how the forms of knowledge required for workplace performance can be best developed.

Consider the following quote.

The replacement operator programme which prepared reactor operator candidates for licencing was done essentially on a self-study basis. Although nine months were devoted to this programme, little emphasis was given to theory, applications of theory to the practical, or principles of operating and casualty procedures. Emphasis was on systems, equipment and procedures. Operator trainees were not provided with a fundamental, comprehensive understanding of their reactor plant design and operation which would enable them to recognize the significance of a set of circumstances not explicitly predicted by operational procedures to various abnormal and emergency situations. Essentially, operators learned how various pieces of equipment worked and how to apply preconceived, stepwise procedures to various abnormal and emergency situations. In other words, they were dependent upon 'the manual'. They were not taught or expected to know how or why a specific nuclear power plant would respond to different types of failures and lacked the basic understanding necessary to deal safely with what was, in fact, a relatively minor failure when it occurred.

That is a segment of the US President's committee report on the accident at Three Mile Island. However, it is safe to say that the same conditions existing there were those present at other and sometimes tragic circumstances in this country in recent years. The food industry has had problems with contamination by rat faeces, salmonella through mixing raw and cooked meats, other industry incidents such as those in coal mines seem to be founded on the same problems. That is, those working did not have a rich understanding of the work in which they were engaged. Although it is probably impossible to command responses for all novel circumstances, there is much that can be done to improve the quality of learning outcomes in the workplace. In a recently completed study of five enterprises engaged in trials of workplace learning strategies, the one that came out as having the best outcomes was an enterprise that has a strong commitment to training and readiness to implement the strategies. In this circumstance, there was a high degree of readiness. Workers had some instructional skills, employees were used to develop opportunities and such activity was highly regarded in the enterprise.

However, in other enterprises, where these qualities were lacking, the implementation of the strategies and their outcomes were piecemeal.

The point is that you just cannot mandate change, although you can probably mandate resistance to the intended change. Perhaps the problem within Australian VET goes back a decade or more. At that time a decision was made about how to proceed with the management of change. Was it to be through genuine consensus and rich understanding and the development of the skills of those involved (all of which take time) or was it to be through regulation, legislation and mandate. As we know, the second pathway was selected. In talking through the process of the development of the dual system in Germany with Dr Laura-Ernst from BIBB (the agency set up for that purpose) she referred to a ten-year process of gaining interest and commitment, that is, winning hearts and minds and developing the ability to be successful. Sloganeering was not enough. Yes, the German system has a legislated framework. Yes, it was contested between bi-partite interests during its development (which continues) but its

implementation was (as I have been informed) characterised also by gaining the interest and commitment of many of the players. There is an expectation that all parties will make contributions, there are expectations that enterprises will fund programs and in some cases local agencies will address the skill needs of their enterprises (OECD 1994). Equally, there appears to be a richer and more reciprocal interaction between educators and enterprises than occurs here. They are guided by concerns of mutuality not just mandated arrangements.

So to conclude, change is about learning. What the research tells us is that if we are to achieve the kinds of outcomes desired (e.g. improvements to the quantum and quality of VET provisions) this needs to be managed as a learning process—with the kinds of support and time for important learning of this order to be realised. Enterprises (particularly small enterprises) need to learn about these arrangeme , in ways that make it worthwhile for them to see value in them. Whether it is associated with participation or establishing a basis for workplace learning, enterprises will require support and guidance. They need assistance in learning what is to be learnt. Equally, the needs of others have to be addressed. As individuals are fortified by success in learning and seeing the value of what they have acquired through effort being applied, so it is with enterprises. Support and guidance is probably required which can assist with changing the beliefs of small enterprises and maintaining those of the larger enterprises. To relegate human learning and change to something which can be realised by decree alone is fanciful. Instead, as with any learning, it needs to be guided, supported and focussed on the genuine interests of those concerned.

All of this takes time and effort, it requires understanding the conditions for securing success and managing the commitment through success and changes in belief. Those who say we don't have time for these considerations, might like to take the time to consider where examples of change have been conducted with some success and those where it has failed, such as those above. If we are to develop a richer training culture in this country, what are stated as goals should also be implicit in the means by which this goal is to be realised. Whether we are considering change at the individual or organisational level, support, involvement, guidance and monitoring seem to be required if the goal is a rich commitment to VET provisions.

New ways of valuing VET (Ian Falk)

In this segment, I am going to present some data from research into VET in regional Australia that we have been conducting at the Centre for Research and Learning in Regional Australia.

I will organise the segment into three questions suggested by the assumptions posed earlier:

1. What is 'industry'?
2. What is VET?
3. What is workplace learning and lifelong learning?

What is 'industry'?

Is an industry an enterprise? Is it the official descriptor, as in the 'food industry' or 'tourism'? Is it a term for any business that has the aim of earning profit? The answer to each question is 'yes' and in itself this shows the diversity of meanings attached to the term. There is a number of criteria on which the term 'industry' can be quizzed. Here I will look at only one: the nature of small business and the way it has been largely neglected in the past VET agenda, a situation now being addressed by groups such as ANTA.

In 1994-95, 95 per cent of industry in Australia was small business (ABS—small business—fewer than 20 employees, except manufacturing which is 100). This is reported in the Council of Small Business Organisations of Australia Ltd and Department of Transport and Regional Development (1997) book called *Jobs in our regions: Building on the small business base*, which also makes these points:

- According to the Australian Bureau of Statistics (ABS), 54 per cent of Australian businesses *do not employ any staff*. Some 36 per cent employ fewer than 10 people and 5 per cent employed between 10 and 19 people.
- 'In the decade to 1994-95, small business accounted for 1.1 million of the 1.2 million net jobs created'. (John Howard, *More time for business*)
- Small business (1994-95) employs around half the workforce and accounts for 40 per cent of GNP.
- Small business holds on to its employees in recessionary times to a much greater extent than larger employers.
- Regional development and the development of small business in our regions are for the most part the same thing.
- There is a great deal of talk about the need for information flow, poor information available, awareness of all sorts of vital information being nonexistent and so on. Learning is pre-supposed in all these matters.
- There is not one mention of training or of VET in connection with small business owners' needs or requirements. There is a mention that some TAFE courses do not meet small business's *employees'* needs, but nothing else.

On this evidence alone, with 50 per cent of Australia's productivity and growth at stake, I suggest we need a radical new model for conceiving of industry and therefore of VET. The model must be one based on learning, not on training. It must be one based on the community's goals—whatever that community might be, business, electronic or locality-based.

A new focus for our research at the Centre for Research and Learning in Regional Australia has allowed us to draw these conclusions. It is a focus on integration and holistic analysis of communities-of-common-purpose rather than on a single relationship between VET and economic outcomes, one which is broadly based methodologically rather than solely quantitative and confirmatory oriented.

What is 'VET'?

In a comprehensive group of studies seeking to understand how people learn in large groups to achieve common outcomes, the centre studied three rural communities of around 5 000 people each. We asked questions and documented and analysed data related to the ways people learned and interacted in achieving community outcomes. Characteristics of 'learning communities' have emerged and are now published as sets of developing indicators for learning communities with connection to learning organisations of all kinds. The key findings from this project are discussed briefly in the next paragraph.

The studies find that effective learning and response to change occurs in unstructured contexts when the participants have (a) access to the appropriate knowledge of people and resources they require for the purpose in hand, (b) have appropriate identity characteristics—they are both willing to act in pursuit of the common purpose and can view themselves in the role of 'doers' and share the commonly perceived identity of the community (or group) whose task it is that engages them and (c) the opportunities in which the knowledge and identity factors can emerge. Ensuring that the group—or learning community—has access to the community's capability—of resources both physical and human, internal and external to the community—is of course central to this process, as is the more difficult role of providing opportunities for some people to come to shape aspects of their identities (where necessary) so as to work in groups or networks.

When the members of the local craft club, mainly women, interact over the upcoming annual craft fair in terms which show not only their own roles as small business operators but as skilled stewards of the community's sustainable future, they do so bringing *all* their skills, knowledge and experiences to bear. In a business decision taken about the craft fair, the Associate Diploma of Business TAFE course may be only one set of skills and knowledge drawn on in the collective deliberations. Importantly, formal courses represent around 18 per cent of people's perceived skills and knowledge according to the study discussed next in this paper.

From the community's perspective what, in the light of the above, constitutes a vocation? Is being a full-time volunteer a vocation, since volunteers contribute over

400 million hours annually to the nation's well being? Is volunteering, therefore, an industry? Moreover, what represents a resilient and sustainable vocation—a job that is needed and will continue to be needed while present circumstances prevail? Following this question, we can then decide what is deemed worthy of receiving the policy and funding support under the nation's vocational education and training policies. Finally, in the social context where the gap between rich and poor is growing, where the nature and extent of paid work is diminishing rapidly, how can we justify the continued veneration of 'industry' which does not include the kinds of industry just discussed?

What are the implications for VET of the kind of planned, whole-community learning described above, which both integrates and feeds into small, home and micro-businesses? What does it do for our conceptions of industry? What does it suggest about our existing conceptions of industry and VET in terms of gender? What is it about our present assumptions of VET which help us get a mental picture of 'industry' which is so often at odds with the pictures you've just seen?

Should the purpose of VET be to provide 'services' following a top-down framework? Or should it be a member of a collaborative process which facilitates communities of people in business, metropolitan, regional and organisational groupings to achieve collaboratively planned, messy, difficult, slow, 'nice', but sustainable, outcomes for a greater number than a simple 'majority' or lobby group notion could achieve.

What is workplace learning and lifelong learning?

There are two further centre projects I would like to mention here. One is short and sharp: It is an analysis of some social themes associated with the terms 'formal' and 'informal' learning and the results show that for an alarmingly large number (the unheard minority or the silent 'majority'?) formal institutional-based learning such as schooling works contrary to a lifelong learning agenda. It has shown that the kinds of learning we now value and want in the informal learning situations that all people use in their daily lives is somehow damaged by the formal learning already undertaken. These people do not see themselves as 'learners' or as having skills and knowledge of any use, yet they are learners and engage in learning all the time.

The schism between formal and informal learning, while explainable through Stephen Billett's workplace learning cultures and Robin Sefton's call for a 'culture of research in an organisation', is in my opinion the biggest barrier we have to addressing the lifelong learning agenda, if it is not to be simply a rhetorical device or a nice platitude.

In the second project called 'The value of VET', we purposely sampled a whole community—a city of 23 814, but a sample of 53 people carefully selected. The project was interested in identifying ways that VET was valued in a community over and above the more traditional economic measures. It is argued that people experience VET as an integrated part of their lives, not as an isolated chunk. Even when people attend a formal VET course full-time, they live in a community, they shop, they go to their

doctor, they go out with their families, they do crossword puzzles, go out and have a good time, play sport, work in Probus, Rotary or the local choir, perhaps go to church. Their lives are based in a particular locality and they may commute to another for work. Their vocational activities are part of these integrated sets of social activities. They learn about 'doing work' from courses as well as from on-the-job training, as well as from incidentally acquired skills, knowledge and values from their upbringing, community work or sports activities. They approach new tasks with a question in mind such as 'I wonder if I can do this?'—rather than 'I wonder if I've done a sufficiently rigorous VET course which will enable me to have a go at this'—that is, new tasks to be accomplished are tackled by bringing one's combined and integrated set of skills, knowledge and attitudes to bear on the problem.

While one strand of research activity has so far predominated, namely, the VET/economy one, another strand of research activity has largely been ignored. This is one which examines the interrelationships between VET and other social activity *in achieving* economic and social outcomes: How does VET interact and interrelate with other sets of activity in a community to enhance economic and social goals? Another way of looking at it is to ask how VET *adds value* to peoples' capacity to undertake new tasks through its interrelationships with other aspects of their lives.

Through looking at the integrated picture, ways of looking at and measuring outcomes are likely to be enhanced and expanded. Similarly, VET's influence across other life activities can be included in a more realistic and holistic description of its effects on enhancing health and social outcomes. As important as VET targets based on economic performance measures most certainly are, the effects of VET on social targets are no less important when viewed at the community and regional level. And here I refer to both rural-regional and urban-regional. In this way, the project is trying to find a way of showing how VET might influence the course of sound and sustainable community and regional development in these troubled times for Australia's regions.

The participants in the study were asked about the usefulness of these five sources of learning: school, VET and university qualifications, work, community and home to their activities in three areas:

- work
- community activities
- home life

The proportional and perceived uses of each of these five sources are shown in the following pie-charts.

Figure 1: What proportion of learning from these five areas do you use in your work?

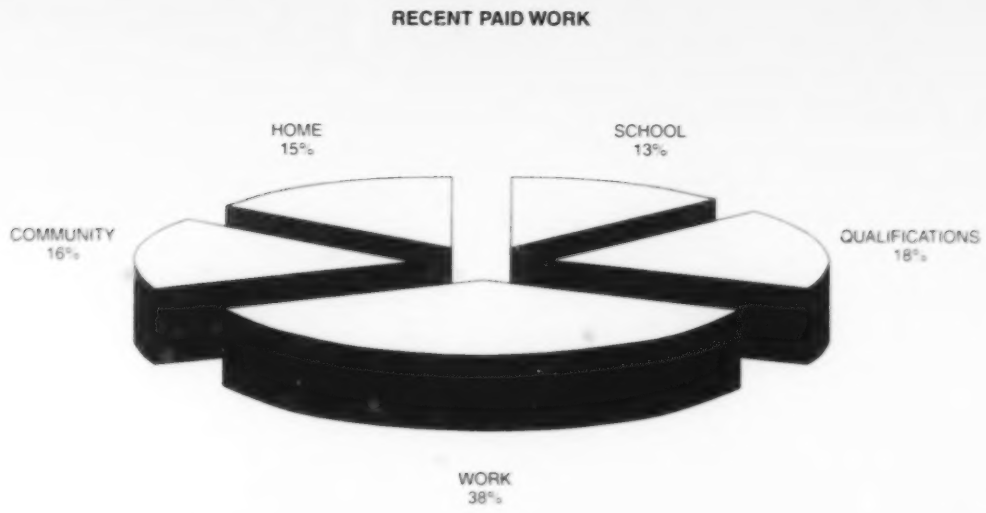

Figure 2: What proportion of learning from these five areas do you use in your community activities?

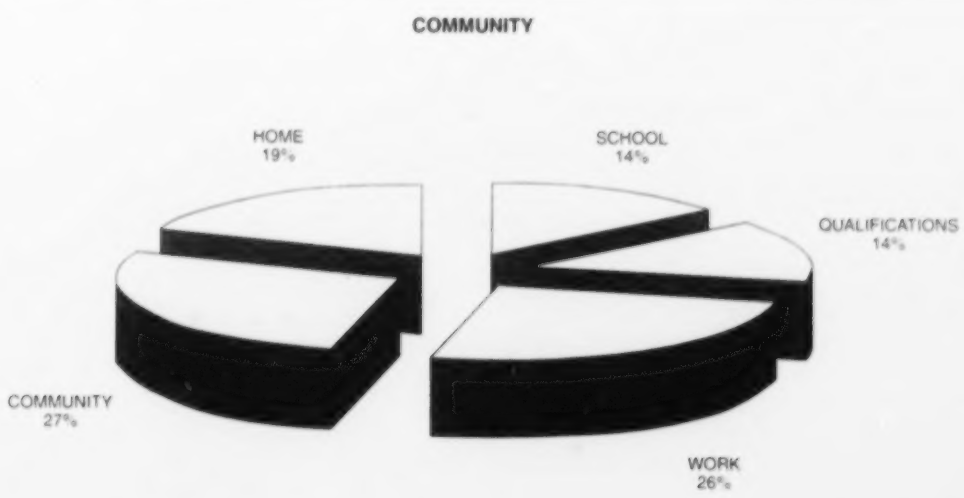

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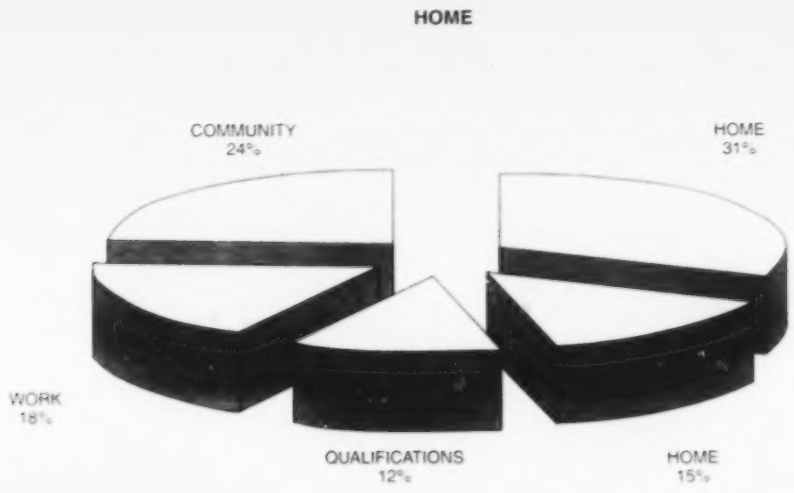
Figure 3: What proportion of learning from these five areas do you use in your home and leisure activities?



In each case, VET and university qualifications combined represent around 18 per cent of the skills and knowledge that people perceive they use in the three given contexts of use—work, community activities and home and leisure activities. The largest slice of learning that people perceive they use in each case is the learning they do on the job—in the context they use it.

Conclusion

So what does research tell us about developing a training culture?

In the first instance, perhaps seen in the first panel of the triptych (pp. 97-101), research tells us that the term training carries a lot of baggage with it—perhaps we should be developing a learning culture which includes training where that is the appropriate form of learning. Learning about vocations is inclusive of people and vocations, and overcomes the problem of implicit meanings carried by 'training', 'industry' and 'VET'. Research tells us that a national system of VET needs to have at its base a set of values which do not discriminate against occupations or groups of people on the grounds of selected meanings of terms and ANTA's present equity policies and strategies are heading in the right direction. Both Robin's and Stephen's contributions support these points—Robin in her references to the need for an open learning environment in a culture of tolerance of different views, Stephen through his argument that openness and inclusiveness produce the desired outcomes at both individual and organisational levels.

In the second panel of the triptych (pp. 102-107), we can see that research tells us that to change a culture one must attend to the *process*. In a similar way to the

community working collaboratively towards the craft fair drawing on appropriate knowledge and identity resources in time slots or opportunities for this to occur, so the process of implementing a sea-change culture shift can be best achieved in the long term by collaborative processes, not simply through short term legislative, economic and monetary means. Robin Sefton has named the spaces between traditional and contemporary VET and workplace cultures 'murky waters' and notes the importance of providing opportunities for the essential benefits arising from research to occur. Stephen notes that managing change successfully commands us to adopt an inclusive process that avoids mandate.

Finally, in the third panel of the triptych (pp. 108-114), research tells us that change cannot be productive or sustainable unless the purposes of the collective actions are clear and strategic in both short and long-term scenarios. The most powerful lesson from the research is that when people apply their learning, they do so bringing all their past lives' experiences to bear. They do not only apply what is learned at work *to* work. They do not only apply what they learn in the community to those activities. The combined force of people's previously acquired learning resources are drawn on in new contexts of use.

Each panel of a triptych contributes to an overall theme—and perhaps this theme can be best put as follows. Talk about discrepancies between policy rhetoric and lived realities is often mistaken for criticism but is not intended as such. It is in fact the only practical method of unravelling a complex set of assumptions and relationships about the nature of VET and its socio-economic uses. A large body of recent research now questions the value and usefulness of *only* emphasising the economic dimension. What is the role of the social aspects of life in constructing national, regional and community well being in a society that emphasises and values both individual and public good? How do the social aspects work with the economic to produce a truly healthy, wealthy, civic-minded and sustainable society? How do we learn at a national level the value not only of our physical and human capital, but our social capital—the oil in the cogs of society—as well?

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Over eighty per cent of employed people receive training of some kind from their employers and nearly 1.5 million Australians enrol in a publicly funded vocational education and training program each year. This provides superficial evidence that an extensive training culture already exists in Australia, but is it the kind of continuous learning and skills formation that can underpin Australia's economic future in the 21st Century?

How we should develop this culture is the issue examined in this book of combined papers from Australia's leading research centres for VET, which is edited by Chris Robinson, managing director of the National Centre for Vocational Education Research and Kareena Arthy of the Australian National Training Authority.

Industrial development of a training culture, individuals' and enterprises' motives for training, economic forces for learning and how research can facilitate change in training are discussed by top researchers from NCVER; from the University of Technology, Sydney; from the Group for Research into Education and Training, Charles Sturt University; from the Centre for the Economics of Education and Training, Monash University; from the Centre for Research and Learning in Regional Australia, Tasmania; from the Centre for Learning and Work Research, Griffith University; and from Workplace Learning Initiatives, Victoria.

ISBN 0 87397 520 0

9 780873 975209

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